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THE NATURE OF OUR ECONOMIC PROBLEM¹

There can be no question that for the student of economics the war has been a distinct boon. The strain to which our economic system was suddenly subjected has thrown new light on its structure and working, has revealed weaknesses in current economic reasoning, and suggested new evaluations of the forces at work in economic life. Such an experience is bound to add to the body of economic knowledge and suggest new methods of approach to economic problems. That such has been the case there is abundant evidence in the papers and discussions at our annual meetings.

Some economists, indeed, seem to have lost faith in the general validity of the principles of economic science as it has been gradually built up since the time of Adam Smith, to believe that it must be in large measure discarded and an effort made to build on new foundations. There are various reasons for this feeling: the failure of economists to predict accurately the effect of the war upon the course of economic events; the progress made in the study of psychology and its bearing upon the understanding of the motives of human action; the feeling that economic reasoning has been based upon the assumption of the permanence of existing institutions, failing to recognize both that these institutions are subject to change and that they are themselves the controlling factors in economic life and should therefore furnish the main body of material for economic science. None of these criticisms is new but the proceedings of our recent meetings show that they are being urged with special force at the present time.

While no economist would for a moment suggest that his science has reached, or ever will reach, its final form, while the experience through which we are passing and the criticisms to which reference has been made may contain contributions of great value to its progress, it may be questioned whether they are as destructive in their effect as some would appear to believe. Prediction is the severest test to which our knowledge can be put. It is possible

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only when the forces at work are few and their action thoroughly understood, *i.e.*, within a narrow range of the phenomena of the external world. It is and always must be extremely uncertain in the field of human action where the forces at work are indefinitely numerous and but partially understood.

It is true that many economists as well as others underestimated the reserve labor power which modern nations can call into action and the extent to which they can readjust their economic machinery when the spirit of self-sacrifice and patriotic enthusiasm has been strongly awakened among their peoples, and that they therefore predicted that financial and economic exhaustion would end the war sooner than it did. But Europe was practically at the end of its resources, financial and economic, when the war closed. Fortunately the resources of our own country, when under these conditions they were thrown into the scale, turned the balance decisively and we were not called upon to undergo the test of endurance.

It is true that economists for the same reasons and because they failed to make proper allowance for the temporary effects of inflation, the influence of the newly established federal reserve system, and the possibilities of organized appeals to patriotism, predicted a rise in the rate of interest earlier than it actually occurred in this country, but they were right in their analysis of the fundamental influences at work. The rise has begun in the case of long-time investments, although in the case of short-time loans it is still retarded by the increase in our facilities for discount due to the establishment of the federal reserve system, the great importation of gold during the early years of the war, and the creation of some 25 billions of new securities in the form of public debt which have been made available as collateral for loans at low rates of interest. But even under these conditions the capacity of banks to loan is not inexhaustible and there are indications that this fact is beginning to be realized.

In 1914 I suppose practically all economists would have agreed that a war such as we have been through accompanied by a great expansion of money and credits and the destruction of wealth would cause a rise in prices to be followed by a fall after the close of the war. As a matter of fact, prices have continued to rise and today, in the light of experience with new forces, brought into operation by the war itself, many seem to doubt whether the fall will come. I venture to predict that here too, unless there is to

be a permanent decrease of production or the abandonment of all attempt by the world at large to escape from a depreciated paper basis, the error of the economists of 1914 will prove to be in the time required for fundamental economic forces to work out their result and not in the ultimate result itself. The influences which retard the fall in prices are the same influences which retard the rise of interest rates. When these influences are exhausted and the fall in prices occurs, it may also be found that what we might term the real interest rates, the burden imposed upon the borrower, the per cent on value actually received which he has contracted to repay, have risen more rapidly than nominal rates.

In the face of what I have said concerning the danger of prophecy, and of what seems to be the tendency of events at the moment, I will venture one more prediction strictly in accord with the current theory of economics. As a result of the war the United States has changed from a debtor to a creditor nation and bids fair to again take its place in the ocean carrying trade. For nearly fifty years we have had a so-called favorable balance of trade which has been tremendously increased by the war.

The permanent as distinguished from the temporary influences set in operation by the war are working, however, towards an increase of imports relatively to exports. We cannot expect permanently to maintain the great excess of exports over imports which has characterized our commerce since 1873. This readjustment of our trade balance may be temporarily modified and postponed by continued grants of foreign credits, by investments in foreign securities, and large expenditures by American travelers abroad. It is bound to come in the end. I make no predictions as to the time involved.

But if the war has made clear that economic science has not yet reached a stage of completeness which affords a secure basis for prophecy, so far at least as the time required for its fulfilment is concerned, it has without question confirmed the truth of certain fundamental facts and principles which lie at the basis of the current teaching of economics. Nothing could have brought out more clearly than did the war the truth, taught in every class in elementary economics, that the fundamental economic facts and processes are the same under our highly organized industrial system as in the most primitive community, that the measure of man's economic power is his ability to produce the goods which he needs,

and that the elaborate system of exchange and finance which has been built up is but a piece of mechanism for the furtherance of this end.

On the basis of our war experience it is easy to make clear that our power of production is limited; that if we would increase the production of certain goods, we must economize our consumption of others; that economy in consumption, saving, is the essential condition of the creation of capital; that war finance is the placing of the labor and capital of the country at the disposal of the government; that financial operations are not an independent means, but merely the mechanism for accomplishing this purpose; and that the slogan, "business as usual," in the face of a great national emergency which diminishes our labor force and requires the diversion of labor into new lines of industry is an evident fallacy.

On the whole, economists need not be discouraged by results of the test to which generally accepted principles of economics have been subjected by the war.

It is certain that we have much to learn concerning the influences which govern human action, but there seems no reason to believe that we have erred in assuming that laborers prefer the job that yields the highest pay; that sellers desire to sell in the dearest and buyers to buy in the cheapest market; that the organizers of business seek the industries which promise the largest returns over expenses of production; that men desire to escape, if possible, the competition of others supplying or consuming like goods and services; that the utilization of limited natural resources is subject to the law of diminishing returns; or that goods or services are valued on the basis of their marginal utilities.

So long as these assumptions remain true, and men are allowed free choice of occupations and left to determine their relations to each other by mutual agreement among themselves, the outline of the theory of exchange and distribution will remain what it is although additional knowledge will enable us to fill in the outline more completely than is now possible.

Our social institutions are subject to change and these changes bring changes in the structure and working of our economic system. It is of great importance to understand the course and effects of such changes, but it is equally important to understand the working of the economic system under the institutions that exist. Except for considerations of stability and uniformity in our economic nomenclature it does not seem to be of vital impor-

tance whether we designate as economic theory one or the other body of knowledge or the two combined.

There remain many tasks for the student of economic theory, but I doubt whether as a result of the experience of the war, or of the progress which has been made in other branches of knowledge, he is called upon to tear down the structure which has been gradually built up during the last one hundred and fifty years and begin anew. The great problem which faces us today is not the problem of reconstructing economic theory, but the problem of adequately developing the art of economics or of what may perhaps be termed economic engineering.

It is a familiar fact that the economic system which grew out of the Industrial Revolution contains elements of great strength combined with elements of serious weakness. No one can deny that under this system remarkable results have been achieved in extending the industrial area utilized by people of European origin, in supplying the world with efficient instruments of production, and thereby enormously increasing productive power in the aggregate.

The population of Europe in the middle of the eighteenth century is estimated at 130 millions. At the outbreak of the war the same region supported over 450 millions in a condition of individual well-being superior to that of the earlier period, while over 125 millions had been added to people of European descent living in other portions of the globe. In large measure this achievement must be attributed to the progress of physical science, but we can easily pick out elements in our social and political institutions to which credit is also due.

The principle of individual responsibility of each man for the support of himself and his family has exerted a force of tremendous power, compelling to work and tending to preserve a balance between earning power and the growth of population. The system of free choice of occupation, combined with freedom of contract and private property, including the right of inheritance and bequest, while it has doubtless been accompanied by great waste, and produced great inequalities in the distribution of wealth, has also offered tremendous inducements, not to those confined, by their lack of initiative or the limitation of their opportunities, to manual labor, but to those who could succeed in the organization and management of industry. These are strong points in an economic system and are not to be lightly discarded.

There are equally evident weaknesses; the waste involved in competition; the inequality of opportunity and bargaining power, due to the unequal distribution of wealth, which tends to the formation of economic classes and leaves potential capacity undeveloped; the conflict over the distribution of the product of industry and the consequent sense of opposition of interests between those upon whose hearty coöperation the efficiency of industry depends; the opportunity to gain wealth through the suppression of competition and the establishing of monopoly rather than by economic service; the more or less haphazard character of our industrial adjustments, involving waste and giving rise to alternating periods of prosperity and depression; the lack of motive in the present generation for safeguarding the interests of future generations; this is but a partial list of weaknesses long recognized.

That much has been done to eliminate these weaknesses and mitigate their evil results I have no thought of denying, but, unfortunately or not, neither individuals nor nations are inclined to face the serious problems of life until they are forced upon them; and it may be truly said that those who have had a controlling voice in our industrial affairs and have prospered most under the existing system have been content to let matters drift so far as the most serious problems of industrial organization are concerned.

There is nothing new in the fact that great masses of men in all countries are dissatisfied with the structure and working of the existing economic system; what is new, what the experience of the war has made clear, is that with the extension of the suffrage, education, and organization, these masses have acquired a definiteness of purpose and a power which compels a thoroughgoing consideration and possible reconstruction of our industrial system, if its stability is to be preserved.

Amid the flood of radical proposals which abound in a period of world disorganization such as the present it is doubtless easy to exaggerate the strength of the tendency to fundamental changes in our social system. Those who are agitating for change are articulate and insistent, but it is difficult to estimate the power by which they are backed in comparison with the inertia of the less articulate masses of the population. It would be foolish, however, to close our eyes to the possibility of radical changes in our industrial structure. Our economic system is exempt from change

no more than our political system. The political structure of the western world has undergone radical changes during the last hundred years and it is clear that democracy carries with it the possibility of radical changes in industrial structure, brought about through legal procedure. We are equally blind if we fail to see that the hundred years which have placed political power in the hands of the masses of the population have also changed in their favor the balance of industrial power. These changes clearly foreshadow changes in the structure of our industrial system. The question is as to the lines which such changes must follow if they are to be constructive rather than destructive and accomplish their purpose of improving the economic condition of the masses of the people.

Time is lacking, even had I the ability, to outline in detail the course which we should follow in our industrial readjustments. My purpose is simply to call attention to certain facts which must be recognized if we are to realize the true nature of our problem and thus avoid the mistakes and disappointment which will follow attempts to solve it by methods foredoomed to failure.

There has been a general inclination, evident even in the case of some economists and sociologists, to assume that the problem of the production of wealth has been solved by the introduction of power machinery and that the only problem which remains is the problem of distribution. This is due I believe to an exaggerated estimate of the increase of productive power based on a superficial examination of the facts and to a failure to recognize that the enormous increase in aggregate productive power, which has undoubtedly taken place, has to a considerable extent been absorbed in the support of a population increasing far more rapidly than at any other period of the world's history, far more rapidly in fact than under any conceivable condition it can continue to increase.

The tendency to overestimate the increase in per capita productive power during the last hundred and fifty years results from concentrating our attention on the more obvious and overlooking the less obvious facts in the changes which have taken place.

We compare the quantity of cloth turned out in a modern cotton mill with the quantity which could be turned out by the same number of laborers using the spinning wheel and the hand loom, forgetting the labor which has gone into the construction of the mill and its equipment and the fact that a large part of the labor

required for the production of cloth is employed on the plantation, where the increase of productive power has been comparatively slight. We compare the cost of moving a ton of freight by railway and by wagon, but we forget that owing to the growth and expansion of population and to its congestion in limited areas, devoted to manufactures and trade, goods must be carried much longer distances than a century ago. We forget that the increase in productive power has not been uniform throughout the whole field of industry, that it has been greatest in manufactures, mining, and transportation, and least in agriculture and the handling of goods in trade, in which branches of industry is employed a large part of the labor required in the production of the necessities of life. Furthermore, our industrial development, accompanied as it has been by the growth of city life, has imposed upon us the necessity of providing new forms of wealth and services not required by a less densely settled population, such as paved streets, sewage systems, costly plants for supplying water, police service, and protection from fire, and has immensely increased the difficulty of providing adequate housing.

The instances of increased power of production are striking and appeal to the imagination. The offsets are not so obvious and are apt to be overlooked.

Furthermore the great mass of the population which supplies the manual labor factor in production has not benefited, and in the nature of the case could not benefit, to the full extent of the increase in per capita production which has taken place. This increase has been mainly due to invention, organization, and the increase in the per capita equipment of capital, none of which would have been forthcoming in anything like the quantity actually available except on condition of receiving a share in the product. No matter what changes we may make in our industrial organization, we must provide a return to these factors of production. We may cut down their allowance but we cannot abolish it except at the cost of industrial progress. That there has been a substantial increase in real wages during the last hundred years, with corresponding improvement in the living conditions of the mass of the population, there can be no question, although it has probably been less, in this country at least, than would be indicated by a comparison between money wages and average prices. The major portion of the laborers' expenses are for food and rent. Rent is not included in the general price average and has un-

doubtedly greatly increased for city laborers, while food has risen relatively to the average.

In certain directions even the lower paid portions of the manual laboring class have made great gains. Their freedom of movement and communication have been immensely increased. They can acquire the foundations of an education. Through the unification of the industrial system of the world they have escaped the danger of recurring periods of extreme hardship due to local scarcity. They are offered a much larger variety of goods from which to choose and enjoy certain comforts and luxuries unknown a century and a half ago. But the increase in their productive power measured in the goods essential to life has been comparatively small.

The rapid expansion of the industry of the world has been made possible by an apparently inexhaustible supply of low paid labor, constantly keeping pace with the demand, with the result that a large part of the population of even the wealthiest countries is living close to the margin of existence. Owing to their number and the lack of individual efficiency their marginal productivity has been low.

So far as this low marginal productivity is attributable to excessive numbers, conditions have been temporarily, at least, altered by the war. There are probably ten million fewer laborers in the western industrial world today than there would have been if there had been no war. This condition, particularly if it is accompanied by an increase in individual efficiency, a rapid accumulation of capital, and a stimulus to invention, offers the possibility of the creation of a new standard of life sufficiently strong to control the birth rate and a consequent permanent increase in the marginal productivity and earning power of manual laborers. As yet, however, this is only a possibility.

Apparently before the recent fall in the value of money only about 4 per cent of the families in this country received an income in excess of \$3,000 and seven tenths of one per cent an income in excess of \$10,000.

The success of this small minority and the very large incomes received by a very few have raised the standard of what is regarded as a decent and healthful condition of life, have emphasized inequality and bred unrest and discontent. More than this, it has set standards of extravagant expenditure all too readily, even if naturally, imitated by the manual laborer whenever his

earnings exceed what is required for the necessities of life. But the fact seems to be that the productive power of the nation, offset as it is by waste and misdirected energy, is still insufficient to provide very much more than the means of a bare livelihood for all, even if income were equally distributed.

We must admit that the evidence on this point is not decisive, for our knowledge of the amount and distribution of the national income is far from complete. It is sufficient, however, for estimates in the approximate accuracy of which we may place considerable confidence. The most carefully worked out estimates are those made by King for the United States and Bowley for the United Kingdom, both for the period a few years preceding the war. The results reached in these two independent investigations tend to create confidence in the substantial accuracy of each, and both confirm the statements I have made.

King estimated the annual product of the United States at \$30,530,000,000, a per capita product of \$332. Bowley estimated the per capita product of home industry in the United Kingdom at about \$220, which would be increased to \$240 if we include the earnings of British investments in foreign countries. The whole of this product is, of course, not available for living expenses. We must deduct the savings required for the maintenance and development of industry and such portion of taxes as is not shifted to the consumer and thus included in living expenses. King estimated the annual savings in the United States at two billions, using as a basis the increase in the census figures of wealth between 1900 and 1904, the latest figures then available. The figures for 1912 showed that between 1904 and 1912 the increase had been at the rate of four billions. Deducting this sum and an allowance for taxes from the total would leave about 26 billions available for living expenses. This sum evenly distributed with due allowance for age distribution, according to the scale usually employed, would yield about \$1300 for a family of father, mother, and three children under fifteen years of age. According to Chapin's estimate of 1907 it took \$900 to provide for the physical necessities of a healthful life for such a family in New York.

To quote his exact words:

It seems safe to conclude from all the data we have been considering that an income of under \$800 is not enough to permit the maintenance of a normal standard. . . . An examination of the items of the budget shows that the families having from \$900 to \$1,000 a year are able, in

general, to get food enough to keep soul and body together, and clothing and shelter enough to meet the most urgent demands of decency.

Apparently even in the wealthiest country in the world the annual product is not sufficient to provide more than a very moderate surplus above what is required for the physical necessities of its people as a whole.

According to King's estimate there were in 1910 over nine million families, excluding single individuals without dependents, with incomes of less than \$900, about one half of the total of such families in the country. As already stated, the families with incomes in excess of \$3,000 constituted not more than 4 per cent of the total. From these families must have come the major part of the savings of the nation. If we had taken the whole surplus above \$3,000 from these families, less their savings, and distributed it among the poorest classes of the population, it might conceivably, for the moment, have established a minimum family income of \$1,000; but it is hardly necessary to argue that no such radical redistribution of income could be accomplished, either through taxation or an increase of wages at the expense of the other factors of production without a falling off in production which would far exceed the sum distributed.

The production of a large portion of the income in excess of \$3,000 per family was undoubtedly due to the efficiency and savings of those into whose hands it passed, was an essential factor in stimulating their efficiency and savings, and could by no process of reasoning be attributed to those among whom we have assumed it to be distributed.

I am, of course, aware that these figures do not apply today. Not only have money values doubled, but war has affected the distribution of the national income probably to the advantage of the well-to-do. Present conditions are, however, abnormal. The war gave a tremendous stimulus to productive energy. We called on hitherto unused labor power and we worked overtime. There is bound to be a reaction from these conditions. It is still too early to estimate what the permanent effect of the war will be, but there can hardly be said to be as yet clear evidences of permanent increase in per capita production.

I do not wish to minimize the importance of the problem of distribution or the evil of extravagant expenditure. The smaller the aggregate income, the more important its equitable distribution and the more reprehensible extravagant and wasteful expenditure.

It goes without saying that we should endeavor to cut off every source of income which corresponds to no benefits received by society, being careful not to overlook the less obvious ways in which benefit may be derived; but it is clear that if the figures which I have used at all approximate the truth the remedy for the unsatisfactory conditions of life of the poorer portion of the population of even the wealthiest countries must be chiefly sought, not in a forced redistribution of national income but in the increase of their marginal productivity, brought about by a diminution in their number, relatively to the other factors of production, an increase in their efficiency, and in a more intelligent use of the wealth available.

In so far as a more equal distribution of income is effected by methods, and the opportunities which it offers used in ways, which increase the efficiency of those who benefit by it, without corresponding loss of efficiency elsewhere, it is a distinct gain. Otherwise it is merely a palliative, and, as the figures which I have used indicate, a palliative of comparatively small potency. Palliatives may be useful, even necessary, if they do not undermine the constitution, but they are not a cure.

Our problem is not merely a problem in distribution. It is far more extensive and fundamental. It is a great constructive problem in social engineering, comprising many elements, and must be attacked along many lines of approach.

We may distinguish at least five phases.

1. The problem of individual efficiency. This is primarily a problem of health and education in the broadest sense of the term, involving not only our school system but the continuation of training within the shop and on the farm. Our industrial development has been so rapid that our educational system has failed to keep pace with it.

2. The problem of industrial organization of the readjustment of our industrial mechanism in a manner to eliminate waste of energy and goods, while preserving in their full strength the motive forces upon which economic progress depends.

It is in connection with this element of the problem that the economist can render his greatest service. The chief difficulty which faces him is the incompleteness of his knowledge of the actual working of the existing system. A vast mass of information has been gathered in connection with the administration of our war activities. It is of the first importance that this should

be made available and systematically utilized. In connection with the administration of the income and excess profits taxes there is also being gathered information which promises to be of great value. But we must go farther than this. In coöperation with the statistician we must work out a more adequate and better co-ordinated statistical service, and those in whose hands lie the control and direction of our industrial system must furnish much more complete information concerning the operation and results of the enterprise which they direct. We now require such information based on prescribed and uniform systems of accounting from certain enterprises regarded as quasi-public in character. The field covered by such reports, as well as their scope, *must* be gradually extended. Information regularly collected over a series of years is far more valuable than that furnished by spasmodic investigations of particular industries, conditions in which, for one reason or another, attract public attention at the moment.

If there is one fact rather than another which the war has made clear, it is the fact of the solidarity of our industrial system. Industry has become socialized, not as the result of any conscious purpose but by the working of economic forces. As it is organized today, there is really no such thing as private industry in the sense in which that term has been used in the past. What we call private industry is privately managed public industry and if that system is to endure those who hold positions of responsible control must be willing to render a full and regular account of their stewardship.

We need also special investigations which will be valuable in proportion as they are scientifically conceived and carried out and are directed to the solution of specific problems.

3. The problem of securing harmonious and effective coöperation between the factors which make up the individual industrial establishment.

4. The problem of maintaining such a balance of the factors of production that the marginal productivity of no class of the population need fall below what is required for the maintenance of a healthful existence.

In a country like ours, subject to a large immigration, this is partly a problem of statesmanship, partly a problem of parental responsibility.

5. The problem of the rational use of the wealth we are able

to command, again an educational problem, and one of the greatest difficulty.

The third phase of the problem, that of securing harmonious and effective coöperation between the factors which make up the individual industrial establishment, is, I take it, the constructive aspect of what we term the labor problem.

The labor problem has in the past been commonly discussed as a problem of distribution and of the control of the conditions under which laborers work. The reasons why the problem has assumed this form are evident. The industrial and legal system which grew out of the Industrial Revolution place authority and responsibility in the management of industry, and offer the reward of success, to the entrepreneur class, closely associated with the capitalist class. The laborer as a human being is left outside the industrial scheme. He has neither authority, responsibility, nor hope of reward beyond his daily wage and the possibility, open to very few, of escape from his class into the entrepreneur class. With the rapid increase in the number of laborers made possible by the increase in aggregate productive power, the increase in the size of business units, the lack of continuity in employment, due to the lack of adjustment in our industrial system, and the necessity of making an immediate sale of his labor power, the laborer has become as an individual ever more insignificant.

It is inevitable under these conditions that laborers should organize, not as a constituent element within the system, but for the purpose of developing a fighting power which shall enable them to force from the system an increase in the price paid for their services, a shortening of their hours of labor, and an improvement in the conditions under which they work.

That good has come from the increase of power which laborers have secured through organization, that it has forced a more equitable distribution of income than would otherwise have existed, that it has improved the conditions under which the masses of men labor, that it has forced more efficient methods of production on the employer, and that experience in the work of organization and negotiation has exercised a valuable educational influence on the laborer himself cannot be denied.

The fundamental weakness from the point of view of production has, however, continued to exist. Those who control one of the essential factors of production remain outside the system as a mechanism for the production of wealth, organized not for co-

operation in the increase of the common product but for the improvement of their own condition regardless of or even at the expense of such increase, for which they feel no sense of responsibility. Where harmony and coöperation are essential for production, disharmony and conflict prevail, a conflict which, with the growing complexity of our industrial mechanism and the growing strength of labor organizations, threatens the stability of our whole economic system.

To state the case is to suggest the remedy. Laborers must be incorporated into the industrial scheme. They must be given the voice and responsibility in management, and the hope of reward for successful effort, which they have hitherto lacked. Harmony between men engaged in a common enterprise depends upon personal contact and conference with full knowledge of the facts by all concerned, a willingness to sacrifice momentary personal advantage to the promotion of the common interest and to submit to discipline. Interest and a feeling of responsibility exist only with a sense of power, of having a voice in the determination of the methods employed to bring about the result achieved.

These statements may indicate a very inadequate social psychology. Our social psychologists can fill out the picture and teach us the nature of the human instincts with which we have to deal. Our efficiency engineers can instruct us in the methods of the organization of work and the adjustment of earnings; but they must study their problem from the point of view not merely of profits but with consideration of the permanent well-being and harmony of interest of all concerned.

This incorporation of laborers must take place first in each industrial unit. The laborer's sense of responsibility and interest, if it is to be a vital force, must attach itself to the establishment in which he works. There will always remain, however, questions affecting whole branches of industry which must be settled by conference between the representatives of the employers and employees in the industry as a whole, and questions affecting the relations between different branches of industry calling for conference between the representatives of these classes in the nation at large.

We accomplished much in the way of temporary adjustments along these lines under the impulse of the war spirit. The peace problem is more difficult, but if our peace spirit is equal to our war spirit it is not insoluble.

Laborers cannot be expected to give up the advantages of or-

ganization and collective bargaining won through long years of struggle, but they must be educated to realize that only through coöperation with the employer in the increase of production can laborers as a body acquire their maximum earning power, that any advantage obtained by a special group in the form of higher wages accompanied by decreased per capita production and the spreading out of work is obtained at the expense of the rest of the community and is negated by like success on the part of other groups.

Employers cannot be expected to give up their responsibility for management and the protection of the property interests which they control, but they must be educated to realize the lesson emphasized by the war, that there is really no such thing as private industry, that, in the last analysis, they represent the nation and that their tenure depends upon their ability to organize effectively the nation's productive resources and maintain harmonious relations between those who must coöperate in industry. Success in this task and not profits, except as they measure such success, is the true measure of their efficiency. It would be foolish to begrudge large rewards to those who succeed, but the task must be performed or other forms of industrial organization will be tried. Until we can develop an intelligent public opinion on these fundamental questions there is little hope of harmony in our industrial life.

The alternative is a continuation of the struggle for control which contains little of promise. If we have erred in the past in offering the laborer nothing but wages and giving him no voice or responsibility in the organization and operation of the industry in which he is engaged, there seems to be no reason to believe that we should fare better if we put labor in absolute control, placing capital and organizing and managing ability on a fixed stipend, but denying them an effective voice in management and control. I doubt whether human nature differs essentially as between economic classes, whether we can expect better results from the dominance of one class than of another, and whether we can eliminate industrial conflict by eliminating the voice and the responsibility of the capitalist and the entrepreneur in industry. The conflict between classes would be replaced by struggle between different groups of laborers. This struggle is suppressed while the laborers combine to fight the employer, but there is plenty of evidence that it exists.

Nor does the success so far achieved in the field of business administration by officers directly or indirectly dependent upon popular vote create confidence that such a change in the control of industry would contribute to efficiency or progress. If one party or the other must exercise exclusive control, the weight of argument is in favor of the class which has a property interest at stake.

In the past, progress in the field of politics and industry has usually come through conflict of opposing interests. Are we yet ready to substitute conference and coöperation in seeking the solution which promises most for the common interests of all? It seemed for a moment at the close of the war that we were, but recent events can hardly be described as encouraging.

In an industrial society based on division of occupations, it is impossible to secure harmony of immediate interests between economic classes, whether seller and buyer, borrower and lender, or employer and employee, just as it is impossible to secure harmony of immediate interests between nations. Such harmony simply does not exist. It is not impossible to secure a working basis for coöperative action recognized by all concerned as based on reasonable principles and promising to each better results in the long run than could be obtained through conflict. All that is necessary is a knowledge of the facts involved and the dominance of the spirit of reason and far-sightedness.

There are many problems of great importance connected with the coördination and smooth-working of our extremely complex economic system and with the distribution of its burdens and rewards, but the fundamental problem is still what it always has been, the problem of increased per capita production and of the rational and economical use of wealth, not a temporary increase brought about under conditions which in the long run diminish productive power and involve the sacrifice of things more important than wealth, but a permanent increase, resting on individual efficiency, effective coöperation, and the adjustment of the number of the population to the supply of natural resources upon which it must in the last analysis subsist.

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AMERICAN EXPERIENCE WITH WORKMEN'S COMPENSATION

Experience under the American compensation statutes has justified in fair measure the hopes and claims of those who have advocated the legislation. It has not been millennial. But it has realized no small part of the advantages which were predicted. So much may be stated with entire confidence and after due allowance for the present incompleteness of definitely relevant data.¹ In fact, a reasonably confident conclusion of that character might be reached without examining any of the detailed reports upon the practical working of the statutes and with only a knowledge of the rate at which the compensation system has been extended from state to state. Ten years ago the early and ready acceptance of workmen's compensation in other lands was urged as a strong argument for the enactment of compensation legislation in this country. It was pointed out that within a quarter century the newer principles and policy for the relief of employees injured in industry had been adopted in some forty foreign jurisdictions, including all of the industrially important ones, and that, once adopted, there nowhere had ever been any serious proposal to give them up.

But foreign readiness to enact compensation laws has been more than matched in the United States. It is not yet nine years since the first of the really effective American workmen's compensation statutes were enacted.² Yet such laws now have been enacted in forty-two of the forty-eight states and in Alaska, Porto Rico, and Hawaii. Only the District of Columbia, North Carolina, South Carolina, Georgia, Florida, Mississippi, and Arkansas are still without compensation statutes. And a late appropriation for the District of Columbia brings all public employees in that jurisdiction under the provisions of the federal workmen's compensation law. It is not credible that the states would have taken action so speedily, one after another and in full knowledge of what had been done elsewhere, often in adjacent states, except upon conviction that the action taken was of proved wisdom. Doubtless none of

¹ Conditions growing out of the war have delayed and even suspended the publication of data in several of the states, including some of the largest of them, whose experience would be most instructive. Here may be mentioned New York, Pennsylvania, Ohio, and Illinois, as well as a number of others.

² In Kansas and Washington on the same day, March 14, 1911.

the tardier legislatures knew every effect of the earlier enactments. Nobody knows as much as that, even now. But they did know, through universal report and belief, that of evil effects there had been as good as none and that general results had been eminently satisfactory. And upon such knowledge they acted.

There is other general evidence of the same presumptive character. As in foreign lands, so in America there has been never a voice raised for the repeal of the statutes. Rather the tendency of legislation everywhere has been to go farther, to strengthen and improve the first laws. The field of the acts has been broadened somewhat, by the inclusion of additional workmen. Rates of compensation have been increased in various ways, by higher percentile ratings upon wages, by raising the fixed maxima, by shortening the waiting periods, by extending the duration of the payments, by more liberal provisions for medical care, and in still other minor ways. The original limitation to accidental injuries has been done away in a few states.³ The certainty of payments to injured employees has been made greater, by stricter requirements of insurance and by corrections of administrative procedure. And the simpler and more summary administration by boards or commissions, rather than through the courts of law, has been increasingly favored.

By many tokens employers have shown their approval of the system. There are, to be sure, some regrettable failures of the optional statutes to win acceptance by employers.⁴ But these are not very numerous, relatively. Much the larger numbers of the employers affected have accepted their new obligations cheerfully. In the states in which the employer's acceptance of the optional statute is presumed, in the absence of his notification to the contrary, positive rejections have been few. And in states with optional statutes there have been a great many purely voluntary elections of the compensation system by employers who have been under no constraint of fear that they might have to face suits at law without their old-time common law defenses. So in California in 1918 there had been more than 20,000 such voluntary elections which had been formally notified to the Industrial Accident Commission, and in addition to these an unknown number of oth-

³ Diseases now are included in California, Connecticut, Massachusetts, North Dakota, and Wisconsin.

⁴ See Bulletin of the United States Bureau of Labor Statistics, no. 240, p. 34.

ers which had been legally implied by the taking out of compensation insurance.⁵ And, in fact, a good part of the liberalizing amendments to which reference has been made have had the support of employers, or even have been proposed by them.

Employees have become even more cordial than employers in their approval. Unorganized laborers, of course, on the farms and elsewhere, never were on record, or even heard as to their wishes about workmen's compensation. But organized laborers, as a rule, were at first skeptical or positively hostile. It was but natural that the representatives and spokesmen of the labor unions, knowing little about the measures proposed for their avowed benefit, and by outsiders at that, should be doubtful of the real advantage to themselves. The verdicts for large sums now and then won in personal injury actions loomed in their minds as the grand prizes of the lottery loom in the minds of ticket-holders. And they did not appreciate fairly the fact that the compensation awards, limited although they might be, would come very much oftener than the rich damage verdicts. In 1909 Mr. Samuel Gompers, as president of the American Federation of Labor, declared his preference for an improved employers' liability law. Two years later the president of the Connecticut Federation of Labor appeared in his official capacity at a legislative hearing to oppose a pending workmen's compensation bill, announcing that the organized laborers of Connecticut wished rather a simple abolition of the common law principle of the fellow-servant. In Illinois the opposition to early proposals of workmen's compensation had some of its sharpest, even bitterest, expressions by organized laborers. But now, after a few years of experience with compensation, laborers, both organized and unorganized, are generally enthusiastically in favor of it, not necessarily in its present typical form and with its commonest limitations, but certainly as a general principle and in contrast with employers' liability. Perhaps the great railway unions, to whose highly paid members the modest maxima of the ordinary compensation awards appear particularly unjust, are the only important bodies of laborers who

⁵ Report of the Commission for 1917-18, p. 6. Hereafter in this article definite references usually will not be cited for statements based upon official reports of the various compensation boards and commissions. In most cases the statements themselves will indicate sufficiently the source of the authority, the state and the year; and any interested reader will find the page without difficulty.

cannot be considered as now having renounced their former hostility.

It is clear also that the doubts and fears and the opposition which were so widespread among the general public a few years ago have been dissolved. When the agitation for workmen's compensation was first gathering strength some ten years ago, and even after the earliest statutes had gone into effect, many among those who could not properly be regarded either as employers or as industrially employed, and who, therefore, were not directly affected, were decidedly skeptical about proposals to import such radical European measures, if, indeed, they did not range themselves definitely with the opposition. But now—what a change! It is not merely that employers, high and low, great and small, are old and ardent friends of workmen's compensation—at least such of them as declare themselves at all. So also are the insurance men. So also are nearly all audible workers. And among other classes of the general public it is scarcely possible now to find a well informed person who is not friendly. Truly it is a marvel that the struggle for compensation laws could have been so hard: there are so many long-time friends on every side. But, at any rate, there have been enough reversals of judgment to make present public opinion emphatically favorable to the new system. And this general and cordial approval of workmen's compensation is of greater practical importance than may appear at first. It has had and continues to have important bearings upon judicial decisions as to the validity and the practical meaning of the laws.

But much more to the point, under the American system of government, is the fact that the constitutionality and the general legal propriety of workmen's compensation may be said to be now definitely established—established, that is, beyond any possibility of unsettling. For they have been affirmed abundantly in the highest courts, both state and federal. Early unfavorable decisions in Montana, New York, and Kentucky, and in lower courts elsewhere have been made quite negligible, by changes in the provisions upon which they turned, by constitutional amendments,⁶

⁶ As in New York, Ohio, California, and Wyoming. The New York amendment of November 4, 1913 (art. 1, sec. 19), is of general interest in political science, as a perfect illustration of the popular recall, or reversal, of a judicial decision. Both in form and in substance it is nothing else. It made not a word of change in existing provisions of the constitution, but merely declared, in effect, that the decision of the Court of Appeals in the *Ives* case—which

and by the accumulated weight of later favorable opinions. Of these there have been a great many, perhaps fully half a hundred by now, which may be said to have covered questions of constitutionality, sustaining the statutes of more than a score of the states, some of them of the so-called optional type and some directly compulsory.⁷ It is true that the scope of some of the favorable judicial opinions is not quite so comprehensive as at times is assumed and that, therefore, their weight is not quite so overwhelming as the list of states might indicate.⁸ But none the less it is now entirely safe to conclude that no attack upon any essential feature of either optional or compulsory compensation statutes will prevail in the highest courts, whether state or national. Notwithstanding volumes of over-fine analysis and distinctions, the one strictly vital question is whether an employer may free himself from the obligation to pay compensation by proving his own freedom from negligence or fault. And that he may not claim such a right, in the face of a statutory declaration to the contrary, is determined sufficiently in at least five decisions from the Supreme Court of the United States,⁹ to say nothing of a score or more of cases in state supreme courts.

It, therefore, may be taken as settled that henceforward the workmen's compensation system is to be a part of our industrial order. If there were less adequate sanction for it in definite principle had annulled the compensation statute of 1910—was reversed, or recalled. It enacted simply that "nothing in this constitution shall be construed to limit the power of the legislature to enact laws for" [compulsory workmen's compensation].

⁷ Optional: Illinois, Iowa, Kansas, Louisiana, Kentucky, Massachusetts, Michigan, Minnesota, Montana, New Hampshire, New Jersey, Ohio, Oregon, Pennsylvania, Rhode Island, Texas, West Virginia, Wisconsin; compulsory: California, Hawaii, New York, Washington, Wyoming. Perhaps other states should be added. It would be gratuitous, and tedious also, to keep the list up to date.

⁸ The early favorable decision in Wisconsin, in the case of *Borgnis et al. v. Falk Co.*, 1911, 147 Wisc. 327; 133 N. W. 209, has been cited as authority in nearly all of the later decisions sustaining the optional statutes. But the Wisconsin law does not abrogate the defense of assumed risks in so far as the risks are "inherent" or "necessary." Accordingly, the Falk decision cannot properly be cited as authority for sustaining laws which do abrogate the doctrine of assumed risks completely.

⁹ *Northern Pacific Railway Co. v. Meese*, 229 U. S. 614. *N. Y. C. R. R. Co. v. White*, 243 U. S. 188. *Hawkins v. Bleakley*, 243 U. S. 210. *Mountain Timber Co. v. State of Washington*, 243 U. S. 219. *Middleton v. Texas Power and Light Co.*, 249 U. S. 152.

ciples of law, strictly construed, there still would be abundant sanction in the great principle—legal, too, in a sense—which Justice Holmes invoked in 1911 in his epoch-making opinion in the *Noble bank* case. "It may be said in a general way that the police power extends to all the great public needs. It may be put forth in aid of what is sanctioned by usage, or held by the prevailing morality and strong and preponderant opinion to be greatly and immediately necessary to the public welfare."¹⁰ In view of this principle, it well might be that a decisive consideration in favor of the constitutionality of the compensation acts should be found in that prompt and general legislative acceptance and that present popular approval to which attention has been turned.

If now it be noted further that this general acceptance of workmen's compensation has been accomplished not only without any appreciable disturbance of our social relations, either in industry, or in our legal system, or elsewhere, but with a common agreement that conditions and relations have been improved, the broadest outlines of the present situation will have been marked. It then will remain to trace a number of special developments in a more definite and positive manner.

The most conspicuous excellence of the compensation system, as its merits were presented by its early American advocates, was that it would afford greater pecuniary compensation and solace for the losses and sufferings of the victims of industrial accidents. That it has done so is not open to doubt.

There have been no attempts to sum up the grand totals of compensation awards for all of the states. Nor would it be worth the necessary effort to do so. Even within a given state there sometimes are such changes of method in the presentation of data that items are of varied or uncertain significance. It must suffice now to submit typical figures from several of the states, figures which, unfortunately, are not generally or closely comparable. In Wisconsin the cash benefits actually paid from the beginning, in 1911, until June 30, 1918, had amounted to \$5,144,000, in addition to some \$1,773,000 for medical care, making thus a total of \$6,917,000. The losses reported under the comprehensive insurance provided in West Virginia amounted to \$6,678,237 in the five years, 1913-18. In California there had been awards of at least \$13,370,000 from January 1, 1914, to December 31, 1917. In On-

¹⁰ *Noble State Bank v. Haskell*, 219 U. S. 104, 111.

tario in the four years, 1915-18, there were cash awards to the amount of \$9,332,524, aside from all provision of medical care. In Massachusetts in the first six years of compensation there were awards of \$20,253,000 in cash and medical care. In the first three and a half years of the New York law benefits to workmen whose employers were not carrying their own risks, about 85 per cent of all, amounted to \$36,631,000.

Large as these figures are, they become more impressive when it is noted that, in each case, the periods covered include the first years of compensation experience, when a number of conditions combine to keep payments, and even awards, far below the heights to which they naturally soon must rise. After a few more years of experience the amounts of the benefits will be much greater than they are now. So, of the total of \$9,332,500 awarded in Ontario in four years, no less than \$3,514,600 belongs to the one year, 1918, when medical care to the amount of \$370,000 was also provided. In Pennsylvania in 1917, the second year of compensation, benefits paid and awarded amounted to \$7,161,000, while the figure for the next year was \$11,640,000. In Illinois in the single year, 1917, cash benefits to the amount of \$4,906,000 were paid. And, of the \$20,250,000 awarded in Massachusetts in six years, \$4,647,500 was for the latest year reported upon, 1918.

Yet even in Massachusetts the awards are still far short of their normal maximum. Even if there should be no increase in the number of injuries or in the scales of benefits, and if workers already have learned fully about the law and never neglect to claim their rights under it, the maximum cannot be reached until after 1924. For it was in 1914 that the term for the payments of benefits for fatal injuries was extended to 500 weeks, approximately ten years. And so it is in other states. Since there are many states which allow 500 weeks or ten years of payments for death and permanent disability, as well as a number which continue payments on account of these same injuries during the life of the beneficiary, it is clear that it must be a great many years before the stoppage of payments which will have run their full term will balance the payments which will be starting anew. But all influences must be counted at their true weight. So far as the sums paid on awards may be increased by the growth of industry and its personnel or by a rise of wages *pari passu* with general prices there may be no change either in the real value of the benefits for those who receive them or in the real burden which the awards place upon in-

dustry. But so far as injuries may become more frequent or more serious through the introduction of more powerful or more rapid machinery or through the taking on of new and untrained operatives, or so far as workers may seize more fully the advantages which the laws offer them or even may lean more heavily upon the law, as they appear to have done in certain European lands,¹¹ there must be for an indefinite time to come an increase in the values, real as well as in mere money, of the benefits which American employees will receive under the compensation laws. There is every prospect, too, that the laws will be made more comprehensive, not only will be extended to the few states which now have them not, but everywhere will come to cover workers more generally. But, even if the country as a whole, by one change and another, should never come to make more liberal allowances than had been developed in Massachusetts in 1918, the total for all of the states would be not far from \$125,000,000 or \$150,000,000 a year. If the experience of Pennsylvania and New York be taken as an indication of what is to come, the figures must be placed higher, perhaps at \$200,000,000.

Such sums for a probable future are truly enormous. But when the amounts now paid out or likely soon to be paid out, a few or several millions yearly in a single large state and a few hundreds of thousands or even less in smaller states, are averaged over the total numbers of beneficiaries, they do not appear large. For it must not be forgotten that a great many persons are the victims of industrial accidents each year. Thus the total payments in Wisconsin during practically the whole of her compensation experience, from September 1, 1911, to June 30, 1918, reduce to about an even \$100 for each compensated injury, cash benefits and medical care both included. Other states show rather lower average figures. In California in 1916 the average payment in all compensated cases was \$93.20. In Iowa total benefits averaged \$63.71 in 1917 and \$90.46 in 1918. In Massachusetts during the first five years of the law the average costs per case for all payments, as actually made and estimated to be outstanding, were: 1913, \$40.53; 1914, \$43.58; 1915, \$43.38; 1916, \$43.56; 1917, \$38.98.

These figures and others of the same general character are not very instructive. They are not fairly comparable one with another. They run in terms of a vague general average of widely different particulars; and they are affected in many ways by the

¹¹ Ludwig Bernhard, *Unerwünschte Folgen der deutschen Sozialpolitik*.

situations in the several states. The more recent the institution of the compensation system the wider the difference between awards and actual payments. And the provisions of the statutes vary so widely, as to ratings of awards, extent of medical care, duration of payments, and so on, that general averages yield no real information as to what compensations are received for definite injuries under definite conditions.

It is somewhat more instructive to consider the awards made for specific injuries, of which the practical consequences may be understood readily. For fatal injuries the average award made in Connecticut in 1915 was \$2,269. In Illinois in the same year awards for the same injury averaged almost exactly the same, \$2,273. In California the awards averaged \$2,445 in 1917 and \$2,625 in 1918. In Pennsylvania for 1916, 1917, and 1918 the figures were \$2,383, \$2,272, and \$2,659. In the first year of the New York law, awards for fatal injuries averaged \$3,241. In Oregon in the two-year period, 1915-17, the awards, where there were dependents averaged \$5,752. In Massachusetts for the first five years the figures were: \$1,367, \$1,781, \$2,970, \$2,603, and \$2,631. In Ohio in 1915 the amount was \$3,098. Perhaps it will be accurate enough to put the general average for all of the states at about \$3,000, or something less.

The payment of from \$2,500 to \$3,000 is manifestly inadequate compensation for the death of a bread-winner. None can deny that. But it must be remembered that the purpose of the statutes never yet has been to make full compensation for the pecuniary losses due to injuries. The pertinent question is whether such amounts, painfully inadequate as they are, are not greater than the amounts paid and received on account of the death of industrial workers before the compensation system was introduced. And, in this connection, it will not do to raise for comparison the sums awarded by way of damages in suits at law. Probably such damages did amount to considerably more than \$3,000, on an average. But they came only after protracted and expensive litigation, so that their net amounts for successful litigants should be reduced much for purposes of comparison with present compensation awards, which are made more promptly and with only trifling cost to the beneficiary, or none at all. When due allowances have been made for direct and indirect costs of litigation, a \$3,000 verdict, or even \$5,000 or \$10,000, becomes a much smaller thing than at first it appears to be. But even more important is

the sad fact that, when employees were killed at their tasks, suits at law were not always brought and pushed to a successful issue. In a great majority of the cases no suit was brought. And such suits as were brought were not always won by the plaintiffs. For much the larger number of fatal injuries there was either no payment at all or only such payment, large or small, as the employer might feel inclined to offer. And in all too many cases he felt inclined to offer nothing, or only a piteously small sum.

For information upon this unpleasant subject there are now no more valuable data than the figures presented by the state commissions of inquiry which reported some ten years ago with reference to the desirability of enacting compensation laws. These show that in great numbers of cases employers, even some of the largest and most prosperous of them, frequently neglected to make any payment whatever to the dependents of those who had been killed in their service. In many cases money was paid, but in sums so petty as to be little better than nothing, \$50, \$100, or perhaps a little more. Cases in which the payments ran in thousands were extremely rare. It may be a not unfair sweeping generalization to say that under the so-called liability laws payments at any amount were not made in more than a third of the cases of fatal injury to employees. And the average of the sums actually paid would be in the small hundreds. A careful study has shown that in Pennsylvania shortly before the passage of the compensation act the average amount paid on account of fatal injuries was \$261,¹² at a time when under the compensation laws of Connecticut and Ohio the corresponding figures were \$2,269 and \$3,098. The next year in Pennsylvania the average compensation award on account of fatal injuries was \$2,383, while in 1918 it was \$2,659, a little more than ten times as much as had been secured under the liability laws.

There can be no reasonable doubt that the compensation awards made for fatal injuries do mean a large increase from the petty and uncertain sums which dependents received under the liability laws. The differences appear so great in the loose comparisons which it is possible to make that, to a complete certainty, they could not disappear after the fullest collation of data. Indeed, the differences now apparent may quite as likely be below the reality as above it. And it must not be forgotten that such sums as now are received come promptly and without appreciable costs

¹² Bulletin of the United States Bureau of Labor Statistics, no. 217, p. 107.

to the recipients. It is true that much the greater number of compensation awards for fatal injuries, as for other injuries, are paid in a continued series of small sums, not at once in a lump, and that, in so far, the awards must be discontinued for purposes of close comparison with the payments made in full at one time under the old order. But again the difference in amounts is so much in favor of the compensation awards that a full discounting of them could not bring them down to or near the level of the liability payments. It might, indeed, not be unreasonable to maintain that, on the whole, the series of continued small payments are the better arrangement for beneficiaries. That, at least, has been the judgment of those who made the compensation laws.

An examination of the compensation awards for non-fatal injuries leads to similar conclusions. In Pennsylvania the awards for the loss of an eye in the three years, 1916-18, were \$959, \$1,065, and \$1,198. In Wisconsin in the four years, 1914-18, the cash awards, aside from medical care, for the loss of an eye were: \$990, \$1,033, \$1,033, and \$1,078. In California in 1917, the first year with relevant reports, the average award for the loss of an eye was \$1,137. These figures, too, are pathetically small. But unquestionably they show payments much greater than were made for the loss of an eye before the days of workmen's compensation.

If it be true that the compensation system has meant the payment of much larger sums to those who have suffered from industrial accidents, it should be quite safe to infer at once that injured workers and their dependents have been made much better off. There is, of course, a possibility that, in a given case, the compensation award may prove of little real advantage to the recipient, or of no advantage at all. But such cases must be so very exceptional that they need not be considered. It, therefore, is almost a work of supererogation to show in definite detail that recipients actually have been benefited. Yet this has been done. A painstaking study, carried out under the United States Bureau of Labor Statistics, has traced the uses and consequences of the compensation awards in a number of concrete cases.¹³ And the results are exactly such as were to be anticipated. It appears that in Connecticut and Ohio there was an unmistakable effect in pre-

¹³ *Effect of Workmen's Compensation Laws in Diminishing the Necessity of Industrial Employment of Women and Children*, Bulletin of the United States Bureau of Labor Statistics, no. 217.

serving family life for the dependents of those who had been killed or permanently disabled. Children were enabled to continue at school. Mothers were enabled to remain in their normal relations to their families. The Ohio Industrial Commission has issued a bulletin devoted wholly to showing the uses made of lump sum payments on account of death and permanent disabilities. The bulletin is illustrated profusely. And the pictures of tidy little homes bought and of modest business places established with the lump sums bring one almost to the point of declaring it a happy fate for an Ohio woman to lose her husband by an industrial accident.

One consequence of the compensation awards which figured largely in the forebodings of some appears not to have developed at all in this country as yet. In view of many unpleasant reports from European countries, some of them on high authority, there were early expressions of fear that malingering, in one form or another, conscious or unconscious, might result from the worker's assurance that he would be paid during disabilities following injuries. Perhaps it is not yet time to draw lessons from America's few years of experience. And there can be little profit in speculating about the likelihood that American workmen will either deliberately injure themselves or relax their normal caution against accidents because they may hope for half pay, or less, while disabled; or that, once injured, they will be slow to recover and return to their earning because of a preference for the same low pay while idle.

The best present guide to a judgment here is the fact that there is perhaps to be found in all of the official reports upon the operation of the compensation laws not a single suggestion or indication that malingering has been found an appreciable evil. And at the Washington conference on social insurance, in 1916, Mr. D. M. Holman, long a member of the Massachusetts Industrial Accident Board, declared that, after four and a half years of experience in administering the Massachusetts law, he did not recall half a dozen clear cases of malingering. In this favorable report he was supported by Mr. E. S. Lott, president of the United States Casualty Company of New York.

If the compensation system has increased several fold the pitances which formerly were paid to the victims of industrial accidents, that in itself is enough to justify the system fully. But workmen's compensation laws may have far more beneficent effects

than can be seen in the payment of any awards for injuries, however liberal these may be. It is vastly better to prevent disablement, maiming, and death than to provide even the most generous allowances to the injured and to the dependents of the slain. And, while in the years of agitation for workmen's compensation perhaps the greatest stress ordinarily was laid upon the assurance of pecuniary indemnifications for injuries suffered, few American advocates of the compensation bills failed to claim that the proposed measures might be expected to reduce the numbers of accidents. Indeed, it would be unfair not to allow that the more earnest advocates were always fully aware of the possibilities of accident prevention which lay in their proposals. If they did emphasize the other consideration, probably it was because of a well grounded conviction that there was more persuasive argument in it. To state results which must follow at once, directly and in definitely measurable magnitudes, was likely to be more effective argument than to make claims which, in the nature of the case, it would be impossible to prove, at least to the conviction of an interested doubter.

And it is not seriously to be questioned that already the American compensation laws have benefited workmen, and other classes as well, much more by stimulating intelligent and successful campaigns for industrial safety than by adding some millions to the yearly payments on account of accidents which have happened.

There is, to be sure, great danger that enthusiastic advocates of workmen's compensation may over-estimate its influence and claim for it alone credit which it must share with other forces. Indeed, one may note on every hand unwarranted assumptions or express statements that the compensation legislation of the decade now drawing toward its close has been the one great cause of the contemporaneous movements for safer places and conditions of work. But the play of forces has been by no means so simple as that. Years before the American movement for workmen's compensation had attained any success, or even had come to show real promise of success, there were other influences operating to reduce the frightful numbers of industrial injuries in this country. Perhaps these influences meant merely a belated and special manifestation of that social humaneness which has been in evidence more and more everywhere for many years. Perhaps they were due to the employer's clearer understanding that it did not pay to break and replace human machinery unnecessarily. Perhaps they were due

to an increasing intelligence and strength in organized labor. Perhaps they may have had still other origins. But, at least, they were at work.

Some of the largest of American employers and many of the smaller ones had well organized plans and agencies for the reduction of accidents among their employees. And results were developing, as appears from several reports of undeniable significance. Statistics of the safety movement in the iron and steel industry and in machine making which have been published by the United States Bureau of Labor Statistics,¹⁴ show reductions of accident frequency and severity more rapid before there were any American compensation laws than later. Substantially similar is the lesson from the coal mining industry, as its figures have been prepared by the United States Bureau of Mines.

And yet, notwithstanding all of the oft-lamented looseness and incompleteness of American accident statistics, it is possible to trace a connection between the compensation laws and the safety movement. In fact, the accident statistics themselves are of only minor utility in the tracing of the connection. The agitations for the laws did more than anything else to uncover, and bring to the knowledge of all, horrors which had not been really known before. And when America came to know, when Americans of every class came to know that in the United States each year thousands of industrial workers were killed needlessly, and hundreds of thousands injured quite as needlessly, that the American industrial accident rates were higher than those of most other lands, it was certain that something would be done to make work safer. It will not quite do to say that here was an educational influence which must have had its effect in any event and so must have tended to reduce industrial accidents even if no compensation laws had been enacted. That may be true, at least in a measure; and again it may not be true to any considerable extent. There are unpleasant reasons for believing that it is not largely true. But, at any rate, a new impulse for the promotion of industrial safety came from the workmen's compensation movement.

But more might be said. It would be ungracious now, when American employers are so hearty in their support of compensation, to attempt to say how many of them there are who were induced to begin or to quicken their efforts for the safety of their

¹⁴ As in its bulletins 234 and 276.

work-people simply and solely by the fact that the new compensation laws made accidents expensive for the business, or more expensive than before. Moreover, such an attempt would fail of any definite success. And so this unpleasant topic may be dismissed with the brief but confident statement that there were many such employers. Of this all are convinced who have watched closely the bringing in of the compensation statutes in one or more of the states. There was sinister significance in the objections which employers raised against any compensation enactments, in their strong efforts to weaken the provisions of bills which promised to become laws or to prevent the inclusion of themselves under them, and in their panic eagerness for the adoption of safety measures and appliances as the laws went into effect. There is, therefore, no doubt whatever that in the directest possible way the compensation laws have conduced to the promotion of safety policies, and thus to the saving of life and limb, by exacting more money from employers in whose service injuries are suffered.

It is not possible to reach any safe conclusion as to the actual effects of the compensation movement, or the compensation statutes, in the promotion of industrial safety by a superficial reading of the general statistics of accidents during the few years since the American laws have been in force. Perhaps it will be impossible to reach any such conclusion of general validity by any use of the current statistics. For the influences which the compensation laws must be presumed to have exercised have been blended with other influences. As in Europe in earlier years, so now in the United States the compensation laws, with their requirement of a return of industrial accidents and with their promise of money to the injured, must tend for years to increase the returns of accidents, even while there may be no increase of actual numbers. And nobody knows how important this consideration is or how long it will continue to be important. Again, there were, as has been seen above, unmistakable downward trends in the American accident rates, at least in certain important industries, before the era of compensation. And nobody can tell how much of a later decline might be merely a continuance of this early movement. Still further, large account must be taken of the industrial conditions brought in by the great war. An influence in modern times always making for higher accident rates is in the technical

progress and the expansion of industries generally. The appliances of modern industry are ever becoming vaster and more powerful, and their speed is ever faster. Its tension is ever higher. Its labor force is ever being augmented by the taking on of new and untrained operatives. And all of these conditions and tendencies have been found in abnormal degree in American industry during these past four or five years, while the compensation laws have been taking effect.

While, then, there has been of late years one large force, the general safety movement developed under the compensation laws and independently of them, making for greater safety in American industry or for an appearance of it, as reflected in the statistical returns of accidents, there have been two making in the opposite direction, the progress and expansion of industry and the fuller reports which the compensation laws secure. Accordingly, there is nothing surprising in the fact that nearly all state reports show larger and larger numbers of accidents and probably would show also an increasing rate of accident frequency, if the figures were all presented in such manner as to reveal the true situation. Nor is there anything highly instructive in this same fact, at least there is not anything definitely instructive as to the effect of compensation laws upon accident frequency or severity. It is, indeed, rather disconcerting, at first glance, to read that the accidents reported to the Massachusetts Industrial Accident Board rose from 90,631 in 1912-13, the first year, to 174,372 in 1916-17, and that corresponding figures for Maryland rose from 20,348 in 1915 to 42,570 in 1918, for West Virginia from 11,418 in 1913 to 24,379 in 1918, for Washington from 11,896 in 1913 to 27,306 in 1918, and in New York from 225,391 in 1915 to 286,871 in 1918. But these typical increases are explained easily by a reference to the familiar forces mentioned just above, and most largely by the industrial conditions of the war period. So in Massachusetts the rise in the number of reported accidents was surprisingly small until the war began to show its influence. The increase was only from 90,631 to 95,769 between 1912-13 and 1914-15, or less than 6 per cent; whereas in the next two years there was an increase of more than 80 per cent. In Washington the increase from 1912 to 1915 was only from 11,896 to 13,162; whereas in the following three years the accidents more than doubled.

Indeed, it is reasonably clear, where careful and comparable re-

turns of accident frequency are to be had for a term of years, that the campaigns for safety have had their natural influence uninterruptedly throughout these latest years of unprecedented industrial activity. There are important branches of American industry, not unaffected by war conditions, in which some influence—presumptively the general movement for safety—has been operating continuously against the unfavorable influences arising out of the war and finally has overcome them. This pleasant truth may be read in the following table showing total accident frequencies per 1,000 300-day workers in certain plants or industries.

Year	1 ¹	2 ¹	3 ¹	4 ¹
1905.....	300	...	...	...
1906.....	214	...	...	...
1907.....	189	242	...	6.19
1908.....	150	...	...	5.45
1909.....	174	...	...	...
1910.....	134	184	...	5.31
1911.....	112	174	...	4.97
1912.....	153	192	...	4.46
1913.....	115	156	175	4.70
1914.....	74	113	126	4.66
1915.....	48	111	125	4.44
1916.....	96	101	137	3.94
1917.....	85	81	104	4.25
1918.....	...	...	87	...

¹ Column 1 represents one large steel mill with from 4,575 to 10,862 employees and column 2 represents a group of smaller steel mills with from 27,632 to 108,994 employees. Both of these sets of figures are from United States Bureau of Labor Statistics, Bulletin no. 234, pp. 15-16. Column 3 represents iron and steel mills amounting to about half of the industry in the United States, and the data are from the *Monthly Labor Review* of the Bureau of Labor Statistics, vol. 8, p. 1784. Column 4 shows fatal accidents only in coal mining, as reported by the United States Bureau of Mines.

That the tendency toward a lower accident rate, where this is to be observed, has been due, to nearly or quite its full extent, to the efforts of employers, the employed, the insurance companies, and the public authorities to promote industrial safety is not difficult of proof. But the proof is not to be found in general accident statistics, which at their best can but show the joint effect of several combined forces. It is to be seen rather in the *a priori* certainty that to cover dangerous machinery and in a thousand other ways to fence against the ascertained cause of accidents must make for safety, and in the records of a great number of individual employers. The records of certain few very large corporations, as the United States Steel Corporation and the International Harves-

ter Company (if it be not invidious to cite employers who are conspicuous rather for size than for any superiority of their plans or motives) have become a part of the world's best known economic data. But there are many smaller employers who have records quite as creditable. It is not profitable to elaborate the obvious. And, if anyone doubts the efficiency of well organized and persistent efforts after industrial safety, he may find most impressive evidence in the records of establishments with safety appliances and organizations and establishments without them. In iron and steel mills of three groups the total accident frequency, per 1,000 300-day workers, was found to be 167.1, 272.4, and 507.9, according as the plants had safety systems fully developed, in course of development, or not developed at all.¹⁵ In machine-building plants the accident frequency was found to differ as follows in three groups of plants, according as there was or was not a good safety organization: electrical apparatus, 65.1 *v.* 185.6; locomotive engines and other engines, 119.5 *v.* 141.7; machine tools, 42.1 *v.* 123.4.¹⁶

Happily, then, we may conclude that campaigns for safety are producing their natural results in this country. But, if again an attempt be made to apportion credit for this broadly effective movement, the same serious difficulties recur. How much of the motive comes from the compensation laws? How much comes from deeper sources, to which the safety movement and the compensation movement alike might be traced, and other humane movements also, perhaps? I, for my part, do not care to attempt here any fuller answer than already has been given in this article. Many employers, and others, giving little heed to mere economic costs, apparent or real, were more and more active in their endeavors to promote industrial safety, as they came to know more and more clearly how many injuries and how much of resultant misery the regular course of American business was causing. And these welcomed the help toward their own desired ends which the compensation laws afforded. But there were also a great many employers, and others, who appeared to care nothing at all about the costs in human misery, if only business might continue to run in such ways as to assure high profits and cheap goods. And these could be brought to a better mind only by the pressure of such pecuniary penalties as the compensation statutes imposed.

¹⁵ Bulletin of the United States Bureau of Labor Statistics, no. 234, p. 204.

¹⁶ Bulletin of the United States Bureau of Labor Statistics, no. 216, p. 43.

The compensation movement, if not in every state the very compensation acts themselves, is providing a highly important form of practical education. It is giving us our first real and exact knowledge about industrial accidents in the United States. Before the era of the compensation laws there was not a single state in the country whose accident statistics were of any real value. It is, indeed, interesting to observe that the broad general estimates of the total numbers of industrial injuries in this country which had been made in recent years are being substantially confirmed by the increasingly full and reliable returns which now are coming in. Mr. F. L. Hoffman's well known estimate of some 25,000 killed each year and about 700,000 disabled for at least four weeks¹⁷ is finding substantial verification in the reports which now are coming from the compensation commissions. The latest available returns for several of the states show total injuries and fatalities as follows:

State	Total	Fatalities
California (1917).....	109,988	628
Illinois (1918).....	36,432	492
Maryland (1918).....	42,570	163
Massachusetts (1917)...	174,372	481
New York (1918).....	286,871	1,504
Pennsylvania (1918)....	184,844	3,403
Washington (1918)....	27,306	414
West Virginia (1918)...	24,379	548
Total	886,762	7,633

When there was no better authority for such frightful figures than estimates, it was possible to doubt their truth. Many would not believe that American industry was killing three workers every hour of the year, night and day, and was wounding some millions annually; but now it is becoming more and more difficult to deny the facts. The reports of the compensation commissions are doing more than to give a terrible confirmation of early estimates. They give also much additional information as to the nature of the injuries, their physical and social causes, and their consequences. Doubtless the present returns of most states still leave much to be desired in the way of regularity, fullness, clearness, and comparability. But a well-thought-out plan for the standardizing of accident statistics has been prepared by the International Asso-

¹⁷ Bulletin of the United States Bureau of Labor Statistics, no. 155, p. 6.

ciation of Industrial Accident Boards and Commissions. And as the standard forms are more generally adopted for the return of accident reports, there will accumulate a mass of statistical data which will be of the highest value in every way. These will give the country indubitable evidence of the reality and magnitude of one of our greatest industrial evils. Then we may trust that American public opinion will not tolerate any neglect of remedies. But the mass of scientific data for which we are coming into the debt of the compensation laws will do more than arouse public opinion. It will provide the only basis for sound and hopeful policies of prevention and palliation. It will do more even than that: it will help—is already helping—to humanize industry and industrial relations by showing how practicable and expedient it is for twentieth century business to adopt in its human relations principles and methods as well considered and as highly specialized as those which long have been taken as matter of course in other relations.

The effects of the compensation system in the promotion of safety are none the less real because the appeal to selfish and heartless employers is not made directly in the commonest form of statute but indirectly and through practices developed under the statutes. For, while the most common form of statute does lay upon the employer an obligation to make payments on account of accidental injuries suffered in his service, it also directs him to insure his liabilities, and thus limits his costs to the definite amount of his insurance premiums. Accordingly, it has been said by some that the employer's direct business inducements to make his workplaces safe are diminished, not increased. For the moment this may appear to be true. But it is not true. For, in connection with the state funds which often are established as agencies of insurance, either exclusive, as in Washington, Ohio, and other states, or optional and competitive, as in New York, Pennsylvania, California, and elsewhere, provision always is made in the statutes for at least some partial adjustment of premiums to the accident rates of the insured, either individually or by groups. And it cannot be doubted that the statutes and their provisions for insurance have been drafted in the reasonable expectation that private insurance carriers also would vary their premium charges in accordance with the same general principle.

And in actual practice one of the most interesting and gratify-

ing developments under the compensation system in America is seen in the careful and unremitting endeavors of all insurers—state funds, insurance companies, and mutual associations alike—to work out a sound rule for making premium rates depend in part upon the employer's efforts or success in safeguarding his workplaces. Both the principles of discrimination adopted and the practical measures for carrying them into effect vary. There are open questions as to the relative weights to be assigned to the accident rates actually developed in experience (experience rating) and to conformity to prescribed standards of safety (schedule rating). There are also unanswered questions as to the extent to which individual conditions and experience may be considered without departure from the sound essential principle of all insurance, that is, the principle of pooling the individual in the collective group of the insured. It is not necessary here to outline the excellent work which has been done by members of very capable insurance experts in their attempts to solve such problems. But it must not be forgotten that much of the best thought of the insurance companies and of the compensation commissions is devoted to the working out of plans which may combine sound insurance procedure with the utmost practicable allowances and penalties for observance and neglect of approved safety measures.

And there are still other ways, at least as important, in which compensation insurance has conduced to the safety of industrial employees. Once the insurer has contracted for his premiums, it is clear that he stands to gain the more—to save the more of the premiums for his own profit—the more he can reduce the accidents of the insured below the numbers upon which the premiums were computed. And, at the same time, he may encourage his insured to hope that a reduced accident rate will mean a reduced premium for the next policy period. Thus we find that, as a matter of the most obvious business interest, all sellers of compensation insurance seek constantly to improve their risks, by inspections, by counsels of safety, and by the preparation and urging of all manner of safety policies and appliances. Very fortunate indeed it is that corporations with resources as great as those of the large insurance companies find it unmistakably good business to work for the safeguarding of industry. Nothing has done more to clear private sellers of compensation insurance from the charge of heartlessly exploiting human misfortune for their own profit than their intelligent and persistent endeavors to make work-places ever safer.

Nothing can be more likely to preserve for them their present rights in a large and expanding field of enterprise. At first individually, company by company, but more recently chiefly through their specially constituted associations and bureaus, and sometimes in friendly conference with representatives of the state compensation commissions, private insurance carriers have done a most admirable work in devising and recommending plans for the safe construction, equipment, and management of factories, mines, and other work-places. Their provisions for the human element, that is, against the so-called moral hazards, are scarcely less elaborate.

Whenever, as often under the statutes, those who employ large numbers are allowed to dispense with formal insurance and to "carry their own risks," workmen's compensation tends in the simplest and most direct way to promote safety. In all such cases employers know that each injury means so much direct cost to themselves and that, therefore, it is for their own immediate business advantage to reduce accidents to the lowest possible figures. Essentially so it is also with all genuinely mutual insurance associations.

The conclusion, therefore, is fully warranted that compensation insurance, with its merit ratings, does contribute largely to the contemporary movements for industrial safety. And both insurance and the merit ratings were contemplated in the workmen's compensation legislation generally, even in the states where they were not expressly required by the statutes. Here, then, is the happiest consequence of the compensation system. It certainly is well if many millions of money have been added to the sums formerly received as indemnity and solace for the losses and sufferings entailed upon workmen's families by industrial accidents. But it is much better in every way if, as is not unlikely, some few thousands of lives are saved each year and some scores or hundreds of thousands of injuries prevented.

It must be confessed that, except as they did bring in compensation insurance and its merit ratings, the compensation laws have not done much for industrial safety. Not often have they prescribed rules or standards of safety or even conferred powers of inspection. This, however, has been because such matters have been left to distinct statutes and distinct offices. In California there was a temporary change of policy. For the revised com-

pensation act of 1913, replacing substantially the act of 1911, was made up in considerable part of sections devoted specifically and exclusively to the direct promotion of safety in industry; and the act itself was legally designated the "Workmen's Compensation and Safety Act." But in 1917 the safety sections were entirely removed to a separate statute. Other states, as a rule, have followed the plan of separate statutes from the first. At present there are only about a dozen states which make any provision for accident prevention in their compensation acts. Doubtless there are real advantages in some measure of coördination or unification in the two lines of activity. But the present degree of separation is not as great as might appear. For in many of the states there are industrial commissions with general authority over all administration of laws affecting labor, workmen's compensation laws, factory inspection laws, safety laws, and the rest. And it can make but trifling difference whether public regulations which a given office is to administer are found in different parts of one statute or in different statutes.

In the critically important matter of fixing compensation insurance rates, whether for the state funds or for private insurers, the framers of the statutes usually have thought it sufficient to take account of the actually developed accident experience of industries or groups of industries. Rarely have they thought it well to sanction schedule ratings, that is, ratings based upon conformity to approved standards of safety.¹⁸ The terms of typical statutes, as in Ohio, unmistakably contemplate no other principle of merit rating than such as may be derived from the accident experience of the insured. There are statutes, as in Kentucky and Virginia, which in general terms authorize "merit rating," while others authorize or direct "schedule rating," with or without a fair implication that the words are to be taken in their technical meaning. Only in a few of the states, as in Colorado from the first, in Michigan, New Jersey, Pennsylvania, and now since 1917 in Washington, is there express and definite sanction for the adjustment of premium rates with reference to physical and moral conditions in plants, as distinguished from accident rates revealed in experience. Accordingly, the state commissions, practically limiting themselves to experience ratings in their administration of the

¹⁸ As a matter of fact, legislatures and their draftsmen knew very little about the different principles and methods of merit rating.

state funds, have been much less efficient than private insurers in their use of a most powerful force for the promotion of industrial safety. The provisions of the Pennsylvania statute and of recent amendments in New Jersey and Washington may indicate that this important fact is coming to be recognized in public places. If so, a change for the better may be in prospect.

But, even without large use of this efficacious means, some of the state commissions have produced gratifying results. They have conducted extensive educational campaigns. They have made inspections, examined and recommended safety devices, established safety exhibitions and museums, and widely scattered helpful printed materials. The California Industrial Accident Commission long has issued a valuable illustrated *California Safety News* which cannot have failed to do much good. The same commission conducted a special campaign for safety in mining industries, with the apparent result that fatal accidents in California mining fell from 20 in 1916 to 10 in 1917. In 1914 the Massachusetts Industrial Accident Board carried on for three months a campaign for safety in establishments with some 55,000 employees. And a comparison of accident rates for half-year periods before and after the campaign shows a reduction of 20.8 per cent in the total number of accidents. It is by discriminating attention to experiments and reports like the two just mentioned—not by observing the broad general movements of accident rates—that one may come to his best conclusions as to the effects of the compensation laws in making industry safer.

Of the general economic consequences of the compensation laws, the consequences for business and industrial society at large, there are but few positive statements which can be based directly upon observation or experience. The most important of the clearly warranted statements—negative in character—already have been made. No important direct consequences of the compensation legislation have been traced in business. The early fears that the charges imposed upon business in order to provide funds for the compensation awards might deaden enterprise and restrict industrial activity have been proved groundless. And the expectation that industries might be driven to migrate in order to escape oppressive burdens has been disappointed completely, as, indeed, it must be disappointed when there remain so few civilized regions into which industries might flee for escape. In short, the evidence of a general economic character is wholly negative. So far, then,

it would appear that the compensation system has had no appreciable direct effect upon business.

Nor, in the nature of the case, can there have been any large direct effects. The single new influence to work directly is the weight of the compensation costs as an addition to the expenses of doing business. And, on the average, these costs cannot have figured for much. Clearly their magnitude is shown by the premiums for compensation insurance. And these, varying from a minor fraction of one per cent of the pay-roll in most textile mills to several per cent in structural iron work, mining, and other specially dangerous operations, may perhaps be generalized at about one per cent, or a little more.¹⁹ And such a cost, a cost of such amount and of such character, can have no great effect upon the total expenses of producing, upon necessary prices of products, or upon demands for goods.

The addition of one per cent to labor costs becomes an addition of about one fifth of one per cent to total costs, when account is taken of the fact that labor, as in manufacturing, figures at about one fifth of all costs. In other industries, as in mining, labor counts for much more. But the costs of compensation, of compensation insurance, are not a net addition to the employers' business expenses. Something employers paid in former days on account of industrial accidents. The largest item was the amount paid for employers' liability insurance. But there were other items also, the small sums given occasionally in direct and gratuitous settlements of claims, the costs of litigation, and the rest. So that the immediate net increase in the costs of production or business must be much less than the present costs of compensation insurance. In fact, there have been official claims for several of the states that the new system costs employers no more than the old.²⁰ Something still further must be allowed in reduction of the

¹⁹ In Montana, where employments cannot be especially free from dangers, one per cent is the official estimate of the costs for the two years, 1917-18. In West Virginia, where also mining is an important industry, the general average of premiums for 1916-17 was 1.41 per cent. In Wisconsin during 1913-16 it was 1.33 per cent. In the exclusive state funds the premiums or assessments are lower. But the question of true costs is so much involved with other subordinate questions that it cannot be answered in a convincing manner without elaborate expositions and discussions. The variety of Wisconsin industries and the different agencies of insurance operating in that state perhaps make Wisconsin figures as instructive as any.

²⁰ Montana Industrial Accident Board, 1918-19, pp. 28-29.

fair charge against compensation. Better medical care for injured employees and larger cash benefits for them make the interruptions of their work less prolonged and less disturbing to the orderly course of the business.

When all due allowances have been made for these reactions of the compensation system, as for others which might be added, possibly there may still appear some trifling increase in the direct costs of industry. But trifling indeed must the increase be. And, such as it may be, it bears upon producers in nearly all branches of industry, taking the word in its narrower meaning, and in nearly all parts of the civilized world. Its true and final effects, therefore, can be ascertained only by elaborate and somewhat profound analyses and by careful examinations of industrial conditions, such as would in themselves constitute an important study in economic theory. Are modern producers' profits so high that from them can be taken these trifling net additions to costs? If not, will the producers' necessary increase of his selling prices appear in a corresponding increase in consumers' costs? If so, will demand be turned from the products of those who have to pay compensations to the products of those who do not have to pay, as from manufactured goods to agricultural products? Or will consumers find their purchasing power commensurate with the higher prices, because they receive compensation benefits, or are enabled to work and earn better, or are relieved somewhat from charges for the care of victims of industrial accidents? These and still remoter questions need not be answered now. We may rest content in a reasonable confidence that, as no disturbances because of workmen's compensation have been observed in the industry of the United States or of foreign lands, so none which can possibly come can outweigh, or even approximately balance the business and social advantages which already have been derived from that same system.

There are other consequences of the compensation legislation already apparent. As it has been humanizing industry, so it has been humanizing judicial opinion, which in America is so powerful for social good or evil. One need not be an extremist in order to believe that the great body of our judicial reasoning about social relations has been a dry and lifeless formalism, showing little recognition of what it meant for the life and welfare of human beings. An eminent New England jurist, still living, once declared, in a decision from the bench, that the atrocious fellow-

servant doctrine rested upon "considerations of right and justice."²¹ Now such a complete disregard of the human significance of the law never is found in the compensation decisions. Rather the judges in a score of courts vie with one another in praising the humane wisdom of the compensation acts and declaring their purpose of interpreting them in no narrow and technical sense, but broadly and liberally and in such manner as to get the fullest practical effect to their noble humanitarianism!

Let still other observed consequences of the compensation system be passed over now. But mention must be made, if only the briefest, of certain serious defects in the present statutes, which have developed in practical experience. It would not do to dwell only upon the merits of the American compensation system, with never a word about its defects.²²

To leave the enforcement of the injured worker's rights to the law courts has been proved, in New Jersey²³ and elsewhere, practically to nullify the provisions of the statutes in great numbers of cases. "The administration of American justice is not impartial, the rich and poor do not stand on an equality before the law, the traditional method of providing justice has operated to close the doors of the courts to the poor, and has caused a gross denial of justice in all parts of the country to millions of persons."²⁴ Yet there remain compensation states, north, east, south, and west, which have constituted no special administrative boards. The sums paid under the acts for medical care have been proved gen-

²¹ *Hoxie v. New York, New Haven, and Hartford R. R. Co.*, 82 Conn. 352.

²² For the most part, the defects may be regarded as merely shortcomings, as merely preventing a full realization of the advantages which might be derived from a compensation system. But in some few respects workmen have been made positively worse off by the compensation acts. As men who have been disabled or maimed are more than ordinarily liable to accident, such appear to find their opportunities of employment diminished somewhat (*Monthly Labor Review*, vol. 9, pp. 206-7). More important is the fact that the compensation laws, making recoveries under the employers' liability law practically impossible, shut off from any relief the workers whose injuries are not provided for by way of compensation awards, that is, broadly speaking, those whose disabilities do not continue beyond the prescribed waiting period, a week or ten days, more or less. But, since most of these many thousands would have been unable to secure relief under the liability system, the evil is not enormous. But it is real.

²³ *Three Years under the New Jersey Workmen's Compensation Law*, report by the American Association for Labor Legislation.

²⁴ *Justice and the Poor*, Bulletin 13, Carnegie Foundation for the Advancement of Teaching, p. 8.

erally to be most wisely and helpfully expended, hastening cures and thus benefiting both the injured and the employer. Yet there are but four or five states which do not limit the extent of provision for curative treatments, by fixing a maximum either of amount or of time. The waiting period, during which no benefits accrue, still is two weeks in some states and ten days in many. Yet experience shows that not far from three fourths of all disabilities cease within two weeks. In Oregon in 1915-17, when there was no waiting period, it was found that a waiting period of one week would have cut off 35.38 per cent of the injured from their awards, while two weeks would have cut off 62 per cent. While to many prosperous persons it may appear a small matter to have income suspended for two weeks or less, it is by no means a small matter to the hundreds of thousands who have the experience each year in this country, because they have been injured while at work. Failure of the employer to insure his liabilities often makes it impossible for the injured to secure their promised benefits. Yet there still are several states which make no requirement of insurance. The limitation of awards to those whose injuries have been of accidental origin has raised many perplexing questions as to what is an accident and has cut off from compensation a great many victims of industrial diseases and of exposures of one sort and another.

A defect deserving of special attention is the inadequacy of the schedules of awards. About these there is much misunderstanding. The amounts of compensation, in nearly all cases, are stated as such or such a percentage of current earnings, as less than 50 per cent in several states and under certain conditions, 50 per cent in about half of the states, 55 in two or three, 60 in some fifteen, 65 in two or three, and 66 $\frac{2}{3}$ in the rest. But these figures exaggerate the benefits actually paid, being maxima which cannot be reached under many common conditions of earnings, dependence, and the like. Moreover, they are qualified in most of the states by the provisions that, no matter how high the actual earnings, the awards may not be above some maximum, as \$12 a week, more or less, and that, no matter how long disability may continue, payments must cease after a while. The Minnesota commissioner of labor estimates that in his state, while the nominal rate was 60 per cent, the awards in cases of temporary disability were but 38 per cent of the direct wage loss in 1916-17 and but 48 per cent in 1917-18. It is a cruel mockery to present as half

pay, or two thirds, a series of payments which may cease while yet the injured person is to live through a long period of disability. It is scarcely less cruel to modify a nominal half or two thirds of pay by a fixed maximum of \$15, \$12, \$10, or \$8. The highly paid railway employees have understood this all the time. And nowadays it is being realized by many others. To what extent present schedules of awards might be raised need not be asked here. Most of them were fixed before the war period and its enhanced costs of living; and the present height of prices has forced a number of increases in the schedules,²⁵ but not enough. They still are generally too low. It is the amount actually paid that counts. Be it remembered that actual awards for fatal injuries average from \$2,500 to \$3,000, while the terms of the statutes commonly put into readers' minds thoughts of \$5,000 or more.

Much the greatest defect of the American compensation statutes is their lack of comprehensiveness. In a recent issue of the *Monthly Labor Review*, Mr. Carl Hookstadt estimated that in the so-called compensation states there were not less than 7,400,000 employees who were not covered at all by the statutes. Some of these, a million and a quarter of them, are in interstate commerce, where there are special but not insuperable difficulties in providing coverage. But the greater number, more than six millions, have been deliberately left out or excluded by state legislatures. The reasons are well known. There are strange beliefs as to the needlessness of compensations in occupations which, with or without good reasons, are counted as not hazardous. There are rather discreditable deferences to the prejudices of such classes as the farmers. And there are other minor reasons. But the fact remains that nearly a third of the employees in the so-called compensation states are in no wise affected by the statutes. An estimate of the United States Bureau of Labor Statistics indicates that nine of the compensation states cover less than half of their employees and that only eighteen cover as many as two thirds. And these estimates assume that in the states with optional acts there have been no rejections by employers.

The net result of all this is that the present American compensation system is much narrower in its application than we in our optimism might suppose. In Kansas, with her population of more than a million and a half, there were in 1914 only 806 compensation awards of all sorts; while in 1917-18, after the waiting period

²⁵ *Monthly Labor Review*, vol. 9, p. 1233.

had been reduced from two weeks to one, cash awards were made only at the rate of 1916 a year. In New Hampshire, with a population of some 450,000, there were in 1914 but 404 awards; and the latest report of the Bureau of Labor makes no mention of compensation awards. In Nebraska, with nearly a million and a half of people, there were in 1915 but 605 awards. In the same state in the calendar year, 1917, but \$67,028.73 was paid for all cash benefits, and in the first ten months of 1918 but \$65,362.74. Can such states fairly be counted as having compensation laws? But even in the states which make the best showings only a small minority of the injuries suffered are followed by compensation awards. There are few states in which the figure is as high as 20 per cent. In California, where the compensation law had been in operation five or six years and had been administered by a capable and alert commission, there were in 1917 only 14,313 awards for temporary disability, although there were 107,420 temporary disabilities reported.

The sum of it all is that the American compensation laws have proved fairly their beneficence but cannot be supposed to have attained their final forms. Either a superficial observation of the contemporary course of legislation or a closer examination of the underlying conditions which appear to direct it will yield reasons for believing that the compensation system will be extended and that its provisions will be made more liberal than they are at present.

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A NEW YORK EXPERIMENT IN BUSINESS CO-OPERATION

The present sketch deals primarily with phases of the fundamental spatial problem in great cities. That problem is one of constant and growing difficulty. Certain steps in the solution of the problem of city space occur to every one. The tenement met the need of housing many people on a small area of land. Rapid transit made still more tenement area accessible without excessive cost of money or time. The additional fire risk was met by high pressure mains, automatic sprinklers, and fire-proof building construction. The difficulties of intercommunication were solved by the telephone. Traffic policemen handle what would otherwise be inextricable confusion in the business streets. Instances might be multiplied.

By "organized city" we mean much more than the city government and the frame it supplies for the play of forces of economic life, under the direction of private initiative. We mean also the organization of those forces themselves. It is their play which creates the problems of the city. A few of them are solved by the city government, and widely heralded. Most of the problems of city organization are solved, as they are created, by business men, silently. To study these solutions and the principles underlying them, is the central task of the new science of business.

One of those who have contributed to the silent solution of New York's tangle is Irving T. Bush, best known as founder of the Bush Terminal in South Brooklyn. He set out to solve the traffic difficulties of Manhattan merchants and manufacturers by applying the principles of coöperation. He has extended those principles deep into the selling field, where wasteful competition seemed most firmly entrenched.

Although New York has grown, its warehousing and light manufacturing center has remained on Manhattan Island south of Fourteenth Street. That section is therefore the source and destination of the bulk of the city's railroad traffic, especially the through "merchandise" cars of high class L. C. L. freight, run daily to and from all principal points of the country. Shippers and receivers of freight in less than carloads, have felt obliged to remain, and new shippers and receivers to settle, in this shipping district for purely traffic considerations, apart from the other economic advantages inherent in industrial concentration. For good

reasons the industrial and commercial congestion of business in lower Manhattan has increased much more rapidly than the provision of the railroad facilities to care for the business; so rents are high, insurance is high, quarters are cramped, and cartage bills to and from the railroad stations are enormous.

Lower Manhattan has direct rail connection with only one of the railroads that serve it. The New York Central has a line that runs through the city's streets south of Sixtieth Street, terminating at St. John's Park. The capacity of this service is low. Most of the freight of lower Manhattan is delivered by carfloats that use piers on the waterfront as railroad stations. Railroad cars on floats are tied up to those piers, unloaded upon them and later loaded from the adjacent shore shed, which serves as outbound freight station. The number of piers put to this use cannot be increased, for steamship lines also are dependent on use of the piers.

With stationary railroad facilities, the city has continued to grow; and still faster has grown the congestion of shippers' trucks at each station—waiting to call for inbound freight in the morning and waiting to deliver outbound freight in the afternoon, the side streets approaching the waterfront full of delayed trucks. Because of this waiting time, a driver could not call at more than one freight station in the morning nor deliver to more than one in the afternoon. A separate truck, no matter how small the shipment to be handled, had to be sent to each station. This made the cost of cartage very high. It still is high, for all those who remain in Manhattan. In eliminating that cost, the plan found its opportunity.

Warehouses and light manufacturers had not moved to outlying sections like Brooklyn or the Bronx for two reasons. First, they wanted to remain accessible to the high class railroad services of lower Manhattan, with its multitude of direct cars. At the outlying freight stations most of the freight is put not into cars loaded for destination but into cars for transfer points, with consequent delay en route. Moreover, a man in the outlying district had cartage charges just as in Manhattan, not so high, to be sure, but still appreciable.

People were asked to come to South Brooklyn to the Bush Terminal, where they would have no cartage charges at all. Here a manufacturer can rent a part or whole of a floor, or several floors, in any of the sixteen industrial buildings. They

contain altogether 6,000,000 square feet of floor, and enclose 75,000,000 cubic feet of space. Each building is built around three sides of a quadrangle, into which run railroad tracks from a terminal yard (30 miles of trackage in all). Cars can thus be placed alongside the loading platform adjacent to the first floor of each building. The Bush Terminal is terminal agent of all railroads entering New York. Except in a few instances the flat New York rate, the same which applies to all stations in Manhattan, applies to the freight received or delivered there. The shipper of package freight (L. C. L.) delivers his goods to the freight elevator that stops at his floor, and gets from the Terminal a bill of lading to destination. Cartage is gone. The shipper is located directly in a joint freight station of all railroads. His need for a shipping department is reduced to a minimum.

The Bush Terminal receives the small shipment along with others from other manufacturing or warehousing tenants, from steamships docking at its piers, from Brooklynites who use the public freight station it maintains—and consolidates all their traffic into cars either on the individual shipping platform or at a transfer which it maintains for the purpose. To be sure it does not have enough small freight to load as many direct cars as move from the lower Manhattan waterfront, but it loads a direct car to each important center in the country. Other shipments it loads to the transfer stations which each carrier maintains just back from the waterfront. As tenants grow in number, so does the volume of outward traffic and ability to load through cars and give superior railroad service. It now has about 4,000 tenants. They, their employees and those of the Terminal, the longshoremen, etc., number about 30,000. With their families they represent an industrial community of over 100,000 people.

Little business men have grouped themselves into a shipping unit to eliminate cartage and switching charges just as they are eliminated by the manufacturer who can afford a location on a railroad siding and who has enough outward traffic of his own to load full cars. The Terminal pools its little shipments at the source, before a cartage charge has fallen on them, instead of waiting for the carrier to pool these shipments at the railroad station. As a matter of fact, the volume of L. C. L. which the Bush Terminal can consolidate gives each of its shippers a diversity of railroad service which not even the largest single shipper, located on a siding, can enjoy. Sometimes the little men

grow up so big that they build their own great plants supplied with all the facilities which the Terminal offers them coöperatively. In such cases it has served as an incubator of industry.

But coöperation does not stop with provision of railroad service. Because the Bush Terminal has hundreds of tenants it can supply them with other facilities they could not have as small independent units scattered in decrepit Manhattan loft buildings, but which the big fellow does have in his modern plant. Tenants jointly share in an automatic sprinkler system that costs \$1,000,000. It enables them to get rates of 10 cents per \$100 in the exclusive New England mutual insurance companies, or 20 cents per \$100 in the line companies. Jointly the tenants share in a complete watchman and fire department service. For them all, the Terminal maintains an emergency hospital and a restaurant. Jointly they support a trucking service for local New York distribution, for connection with water carriers, or for delivery to through cars running from the lower Manhattan waterfront to points to which the Terminal does not load direct but which the shipper must reach without the delay of a transfer station. The trucking service is better than an individual could maintain and its charges are lower than the individual costs. Many water carriers dock at the piers connected with the Bush Terminal. There are eight such piers, each 1400 feet long and each an ocean terminal in itself. Twenty-seven steamers can berth there at the same time. The concentration of shipping at the Terminal continues; through it passes one fifth to one fourth of the port's foreign trade today. No tenant has an excuse for a shipment missing these steamers. They dock at his door.

Likewise the Terminal contains one hundred and thirty warehouses, large and small. A good percentage of New York's raw material imports is stored there: Egyptian and Indian cotton, copra, hides, sugar, jute, sisal, coffee, palm oil, etc. They are at hand for tenant manufacturers using such materials. In the old days they used to say that, in New York, goods were landed in Manhattan, stored in Brooklyn, and shipped in New Jersey, and that the devil could not have invented a worse system. In South Brooklyn, steamship, warehouse, and railroad are brought together and waste motion between them is eliminated.

The industrial tenant often but not always gets lower rent in South Brooklyn than in Manhattan. There are many old buildings in Manhattan allowed to stand as "taxpayers" until their

land values have sufficiently enhanced. In such buildings the rents are often low. But the tenant is subject to cramped, ill-ventilated, ill-lighted quarters. Often his saving on insurance and cartage alone, when he moves to the Bush Terminal, is such that he gets his rent "free."

The significance of the Bush development is not exhausted in the advantages it offers to its tenants. Industrials attracted from Manhattan decrease by so much the hideous congestion of cartage on Manhattan streets. Real and permanent relief of that problem lies in the direction of a compulsory pooling of less than cart-load trucking through the city streets. It must begin with "store door" delivery—the use of railroad-owned trucks to collect and deliver package freight, as in England. That would promptly double the capacity of our crowded city freight stations. There is not much more sense in allowing a shipper with two boxes to inflict an individual truck upon a crowded railroad station than there would be in allowing him an individual car to carry the two boxes to destination. But that is another story.

It also means something for workers to be taken from crowded Manhattan to the commodious quarters in South Brooklyn, and points the way to a decentralization of light manufacturing, whose product consists mainly of human labor. The heart of the city is no place for men, women, and children to do industrial work. The land is much too valuable. Nobody can afford to give them enough room. The heart of the city is the place for mercantile and financial business. But such business fills up Manhattan space as fast as the Terminal empties it.

Nor should it be thought that the plan attracts manufacturers only from Manhattan. Plants from all over the country move or establish branches there. They come in order to be at the heart of the chief wholesale market in the country, New York, and near the 20,000,000 consumers within 200 miles of City Hall. They come to be at the center of the world's greatest web of transportation lines: rail, river, coastwise, and oversea carriers.

So much for the coöperative service rendered tenant manufacturers. There is many a manufacturer who, though he need not be located in New York, must maintain a small distributing depot there, for two reasons. First, he must carry stock near the dealers who supply the 20,000,000, for merchants do not carry large stocks themselves nowadays, but live from hand to mouth. Second, it is often possible to save money and time by shipping in

carlots to New York and there splitting the car for domestic delivery in New York or eastern markets, or for export by a dozen different lines. For people like this the Bush Terminal provides a novel terminal service in a new Service Building.

It is not that this service was not provided in New York before; it was provided in a different way. For example, an inland manufacturer would ship a consolidated carlot consigned to a New York broker. The broker would engage a teamster to cart the goods to a warehouse, which would store the goods and give some sort of service in repacking and remarking them. Upon order the separated shipments would be trucked to various railroads or oversea carriers, and in the case of oversea carriers the broker would take out the ocean bill of lading, attend to the insurance and financing of the shipment and make out the necessary consular papers. There were thus a number of agencies doing this kind of terminal work with division of responsibility and duplication of at least overhead expense, and inevitable costs and delay involved in the transfer of freight from carrier to warehouse and warehouse to carrier.

The new service becomes simultaneously railroad terminal agent, warehouseman, seaboard broker, teamster and forwarder, though much of the previous teaming is eliminated. The inland manufacturer ships a car to Bush and it is delivered, at the New York rate, to the Service Building, eight stories high, concrete, fire proof, with 36,000 square feet per floor. Railroad tracks reach the building at two different levels. The first floor is a great covered shipping platform where in all weathers twenty-seven trucks can be loaded simultaneously. One side of the building fronts on water, where lighters come alongside. Car, truck, lighter and warehouse are thus assembled at one place. The building is supplied with batteries of elevators and chutes. The floors are divided into classifications so that similar merchandise will be stored together, and each floor is in charge of an expert in the handling of that classification of merchandise.

The Service Building receives and stocks carlots from the interior shipper. Then upon order expert shipping forces repack, remark, and dispatch shipments, including the handling of all shipping papers, stock records, billing the merchandise, and handling export and import papers. A shipment for South America is packed to stand passage across the equator, heavy rehandling by lighters at the South American ports, and mule-back transporta-

tion into the interior. And all these services are performed for the owner of the goods at cost of a few cents per hundred pounds, because this seaboard business of dozens of inland manufacturers is pooled into a huge concentration business and can be done cheaply.

The sort of seaboard service thus given can be had by the individual only if he is a huge shipper and can afford a branch and a large organization at New York. The little man in the interior has had to depend upon the welter of private agencies already described, variably responsible and usually costly and uncoordinated.

Yet there is a third class of small inland manufacturers who need in New York the same sort of cooperative service that the Bush Terminal gives to the man who needs a New York factory or a New York forwarder. The third class comprises those small manufacturers who need to have a sales exhibit and a selling force in the greatest of buying markets. The big man in the interior can afford to maintain a branch house and a sales manager here, with a location so prominent as to command the attention of buyers. The little fellow usually cannot afford to maintain either an expensive store or a resident sales manager. If he is in New York at all, he is likely to be hidden away in some location where he is lost, or dependent on a New York agent who has a dozen lines to handle. Because of such conditions, hundreds of small manufacturers who would like to be represented in New York do not come at all.

For these people there has been erected, at a cost of \$3,000,000, on Forty-second Street, an International Sales Building thirty stories high, of Gothic architecture. Each floor is devoted to exhibits of a single line of merchandise: for example, one floor for toilet articles, one for jewelry, one for infant's wear, three for boots and shoes. Each floor contains the sales exhibit of scores of American manufacturers, displayed in show cases especially designed for that merchandise. Each floor is in charge of an expert manager. To visiting buyers of toilet articles the manager displays the lines there offered, takes and forwards their orders. On this floor the small unit of space for exhibit costs \$450 per year. If the exhibitor also uses the Service Building, already described, he can have his goods sold, shipped, billed, and the money collected and forwarded for him.

The exhibit building is on Times Square, between the Pennsylvania and Grand Central stations, in the heart of the hotel, rail-

road, and amusement section. The three lower floors constitute a Buyers Club, in which any buyer of proper credentials can be a member without cost. Here, except for sleeping quarters, he has a complete and luxurious club: lounge, reading rooms, conference rooms, a grill, stenographic assistance, and library with trained librarians to hand him all accumulated and current information in his line. A Brazilian buyer registers, is given a Portuguese interpreter and shown over a building with a very representative line of American manufactures. He can buy, and sail home. The domestic purchaser of a hundred kinds of merchandise can see more lines in this building than anywhere else, in a fraction of the time. The department store buyer dares not go home unable to report that he has been at the International Sales Building. There are today 13,000 members of the Buyers Club. There will soon be 2,000 exhibitors in the building. A new duplicate building will soon go up. A whole block along the Strand has been acquired for the erection of a similar building in London.

The small manufacturers, combining in the International Sales Building, provide themselves, at slight cost, with a sales location and a chance to exhibit and sell their goods such as not even their biggest rival can equal. And the big fellow, even if he has a New York branch, is seeking representation at the Sales Building; for if he is absent, the danger is that the buyers will miss seeing his goods, not the goods of the little fellows. Although the small man in industry is in peril of being eliminated by the big fellow who can do things on such a large scale that each of his unit costs is small and he can undersell, yet the little fellows together can reduce a large number of their unit costs to the level of the big rival, stay in business, and perhaps do the eliminating instead of being eliminated.

Note that competition is by no means eliminated among the co-operators who use the Sales Building. In the fierce light of public comparison to which they subject their merchandise, there is the sternest competition of merit. What is eliminated is that spurious, extravagant competition of search for preferred location, the competition of blatant display, the competition wherein the mere power of wealth smothers its rivals of modest worth. The Bush coöperators, besides their exhibit space, are allowed to rent additional space for a representative to use in selling their goods. Some avail themselves of this opportunity; more of them renounce even the competition of salesmanship and let the goods speak for them-

selves. Of course that requires confidence in the merit of what is sold.

But this attempt to extend to the little man the advantages of coöperation is going to spread to still another field, the field of retail merchandising. The retailer's existence is threatened by two big competitors, the mail order house and the chain store. The mail order house is an accustomed, far away competition. Even in country districts the mail order house skims only part of the cream of the retailer's business; and it is a competition which the cities hardly know at all. The chain stores are new competition. They are close at hand to the retailer, next door. They are stronger in the cities, especially the larger cities. Finally, the chain stores are seeking all of the retailer's business, not part of it. They are armed with most of the advantages of the large department store, with the ubiquity of a whole group of retailers. They are like department stores mobilized and out for conquest.

The advantages which chain stores possess are familiar to students of large scale organizations. An organization directing a hundred stores can pay higher salaries for executive management, can buy in larger quantities, can save in freight charges through the volume of its shipments. The retail store proprietor has the advantage, which the chain store machine cannot secure, of direct contact with the customers, a first-hand knowledge of local conditions, a personal interest in the success of his store. Given equality of merchandise, of prices and personal service, the average American would prefer to patronize a local store owned and operated by a citizen of his own community, rather than the branch of an absentee chain store organization. The average retail proprietor, however, cannot compete on this basis. He purchases in smaller quantities and as he buys dearer than the chain store, so he must sell dearer. His nose is so close to the grindstone in supervising his store that he cannot possibly have the national view of merchandising, nor be in touch with countrywide sources of supply. The business of even a larger retailer is not large enough to enable him to afford buyers to handle competently more than a few of the lines he sells. It is different with an organization buying for a hundred or more establishments. So with the art of display. Chain stores employ window dressers of the highest ability and the widest experience to train their store managers. Other experts study the display of stock inside the store and the make up of advertising. In these matters the retail proprietor must

trust his own wits and his limited experience. If he makes a mistake, it is costly. It is difficult to learn the details of constantly changing business methods and innovations that are proving successful in other communities besides his own.

The new plan proposes to organize the buying power of the retail stores of the country. There are 40,000 of them unrepresented in New York, making most of their purchases from local jobbers in nearby cities and paying several profits between manufacturer and retailer. If several thousand small stores can be organized coöperatively they will represent a buying power far exceeding the largest chain store organization. At the same time they will preserve the advantages of individually owned stores in their appeal for local friendship and support. It is proposed to put at the service of retail clients an executive and buying organization second to none in the country, one which will buy selected merchandise at the lowest possible prices. Each subscriber will be furnished with a framed certificate guaranteeing to the retail buyer that merchandise is purchased through the Bush organization, with elimination of all unnecessary middleman profits. The organization will have a force of window dressers and experts in all details of retail merchandising and advertising. This service will be at the disposal of all joining the organization, built to help the individual stores and in no way compete with them. To the aid of the enterprise can be put all the efficiency of its South Brooklyn terminal system, where shipments can be received, sorted, consolidated, and sent out at a lower expense than falls on chain store members for corresponding services. When necessary, credit facilities will be made available at a minimum of expense. The idea is to weld the constituent stores into a live coöperative society in immediate contact with the great buying market in New York. Of course the venture can be conducted only on the basis of the highest business morality, to which the Bush reputation must be pledged.

Perhaps there is here a way of salvation for the small individual enterprise. Perhaps the principle of coöperation can be made to prevail over the principle of organization. Not coöperation in the strict sense of the term, namely, creation by individuals of a coöperative society to serve them. The small individuals may be eliminated by their mighty rivals before they can be brought to evolve such coöperation. Or, when evolved, it will very likely be too clumsy and inefficient to be of real service. That is the history

of most forms of coöperation. What is everybody's business is nobody's business. It is the coöperative agency as a *business* that we have been observing. Coöperation is meeting organization successfully; but it is meeting it successfully by adopting the form and principle of organization so far as concerns that great field of "overhead" expense, in the reduction of which lie the chief advantages of large scale business.

EDWIN J. CLAPP.

CALL RATES AND THE FEDERAL RESERVE BOARD

The framers of the Federal Reserve act changed the old system of reserves for the national banks which had encouraged the concentration of funds in New York and their utilization for call loans on the Stock Exchange. They attempted to restrict, as far as possible, the use of the facilities of the federal reserve banks to those engaged in commerce, agriculture, and manufactures as distinct from speculation. The act provides (sec. 13):

Any Federal reserve bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions; that is . . . issued or drawn for agricultural, industrial, or commercial purposes. . . . Nothing in this Act contained shall be construed to prohibit such notes, drafts, and bills of exchange, secured by staple agricultural products, or other goods, wares, or merchandise from being eligible for such discount; but such definition shall not include notes, drafts, or bills covering merely investments or issued or drawn for the purpose of carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States.

It will be noted that the facilities of the federal reserve banks would be available for those who wished to borrow on security of agricultural products or merchandise. Thus the speculator in wheat or cotton might borrow from a member bank and the member bank might rediscount the note at the federal reserve bank. However, notes of those who borrowed for speculation in stocks could not be rediscounted unless based on government securities.

We cannot know how these new regulations would have affected call rates if the war had not come to complicate matters by introducing new problems of government finance into the situation. The federal reserve system, by lowering the reserve requirements of the banks and by the system of rediscounts, made possible an expansion of banking facilities. In the early years of the war our advantageous position as a supplier of food and munitions brought to us about \$1,000,000,000 of gold imports. When we entered the war the Treasury Department determined to utilize some of the expansion of banking facilities made possible by the lessened reserve requirements and the great stock of gold for the purpose of financing the government directly or for the purpose of easing the money market to facilitate the flotation of the government bonds.

The Treasury did not wish to have the supply of bank funds diverted to speculation, so in October, 1917, a money pool was

created in New York. The banks furnished the money, kept the rate about 6 per cent, and held the volume of loans to an aggregate of about \$500,000,000.¹ The pool lasted until January, 1919. At that time, the officials of the New York Exchange wrote to the Money Committee: "... there is now nothing to indicate the probability of a speculative movement which would absorb large amounts of money."² After consultation with the Treasury, therefore, the committee gave up control.

The events which followed showed that the officials of the Stock Exchange were poor prophets. Starting in February, 1919, the prices of stocks went up steadily with the exception of a minor reverse in June and more severe ones in August and November. The amount of loans on the Stock Exchange was estimated as over \$1,000,000,000 by May,³ as about \$1,500,000,000 from July through October,⁴ and as \$1,350,000,000 early in December.⁵

The situation suggests the following problem. Suppose that there is a period of activity on the Stock Exchange and the rates on call loans are attractive; suppose the Federal Reserve Board thinks that the funds of the banks should not be used for speculation. Can the board with its present powers make effective its wish? Can the law, by the use of discriminating provisions for the rediscount of commercial paper, keep the banks from entering a profitable line of business? The problem is doubly interesting. It is interesting to see what the Federal Reserve Board can do and it is interesting to see what the attitude of the bankers will be toward the guidance of the board. Up to this time, all of the efforts of the board had fallen in line with the wishes of the bankers. They applauded the board's activities which had eased the strain in the money market caused by the government war financing. The inflation made possible increased lending on the part of the banks. But not so in the present case; here is an attempt to cut down the amount of loans to be made; to limit possible earnings in order that the vague general welfare may be furthered. From the standpoint of the self interest of the banks the situation appears simple. Call loans on stock exchange security are liquid in ordinary times; the rate is not restricted by law. If the chance comes, with an active market, to make large loans at

¹ *Annalist*, June 9, 1919, p. 573.

² *Commercial and Financial Chronicle*, vol. 108, pp. 423-24.

³ *Wall Street Journal*, May 27, 1919.

⁴ *Annalist*, July 21, 1919, p. 79; Oct. 20, 1919, p. 493.

⁵ *Wall Street Journal*, Dec. 4, 1919.

attractive rates, why not shift some of the other investments of the bank, such as acceptances, to the federal reserve banks? or, why not borrow from the federal reserve bank on the security of government obligations? or, why not rediscount notes of customers based on government obligations or arising out of commercial transactions? Any of these methods makes possible an extension of call loans; and, except in a narrow technical sense, it is impossible to deny that the federal reserve bank is not the source of funds loaned on the Stock Exchange. We shall see that probably most of these things have taken place.

In June, 1919, the Federal Reserve Board began to try to check speculation by means of "warnings." A letter was sent to the chairman of each of the federal reserve banks:

Dear Sir—The Federal Reserve Board is concerned over the existing tendency toward excessive speculation, and while ordinarily this could be corrected by an advance in discount rates at the Federal Reserve Banks, it is not practicable to apply this check at this time because of Government financing. By far the larger part of the invested assets of Federal Reserve Banks consists of paper secured by Government obligations, and the board is anxious to get some information on which it can form an estimate as to the extent of member bank borrowings on Government collateral made for purposes other than for carrying customers who have purchased Liberty bonds on account, or other than for purely commercial purposes.

The Board would appreciate your comments on this situation in your district.

Yours very truly,

W. P. G. HARDING, Governor.

The facts about the situation since then are presented in tables (pp. 62, 63) compiled from the figures given weekly in the *Annalist* or in the financial columns of the *New York Times*.

In many cases the banks resented the inquiry and cut down the amount of borrowing secured by government obligations. The decrease is seen in the figures in table 1 for the last of June. A more effective check than the warning of the Federal Reserve Board was the withdrawing by the Secretary of the Treasury of a large percentage of the proceeds of the liberty bonds and his failure to deposit in the banks the money received from the income tax.

Table 2 shows that the call rates have ruled high. Undoubtedly, one cause of the high call loan rate has been the policy of the government to absorb, for the purpose of paying expenses, a considerable fraction of the banking resources of the country. This has been accomplished primarily by the sale of treasury cer-

tificates. Then again, the present federal taxes, by concentrating the payments, make it possible, as in the case of the income tax just mentioned, for the government to withhold considerable funds from the market at certain periods.

As was indicated in the board's letter, perhaps the greatest stumbling block in the way of effective control was the vast amount of, and preferential rate on, loans secured by government obligations. Suppose that a business man borrowed to buy bonds of the fourth liberty loan. The bank more or less explicitly agreed to carry the loan for a year at the rate of the bonds and the federal reserve banks felt bound to set a rediscount rate which would make it possible for the member bank to do this. The business

TABLE I.—CERTAIN ITEMS FROM THE WEEKLY COMBINED STATEMENT OF THE
FEDERAL RESERVE BANKS.
(In millions of dollars)

Date	Bills discounted, secured by government war obligations	Bills bought in the open market
1919		
June 6	1,621	198
13	1,696	235
20	1,622	275
27	1,573	305
July 4	1,633	331
11	1,685	360
18	1,580	372
25	1,616	376
Aug. 1	1,613	375
8	1,609	381
15	1,523	374
22	1,563	363
29	1,609	363
Sept. 5	1,635	355
12	1,525	362
19	1,384	354
26	1,573	342
Oct. 3	1,654	327
10	1,673	327
17	1,699	343
24	1,666	369
31	1,681	394
Nov. 7	1,771	434
14	1,700	480
21	1,674	456
28	1,736	496
Dec. 5	1,603	514
12	1,588	542
19	1,415	566
26	1,510	585
1920		
Jan. 2	1,484	575

TABLE 2.—WEEKLY RANGE OF RATES ON CALL LOANS AND WEEKLY AVERAGE RENEWAL RATE FOR CALL LOANS IN NEW YORK.

Week ending	Range (Per cent)	Average renewal rate (to nearest hundredth) (Per cent)
1919		
June 7	6-5½	6.00
14	12-6	6.00
21	15-5	7.67
28	15-4¾	6.33
July 5	10-5	7.00
12	20-5	7.67
19	12-5½	6.25
26	7-5½	6.50
Aug. 2	20-5	6.33
9	7-3	5.79
16	7-3½	5.58
23	8-3½	4.58
30	6-5½	6.00
Sept. 6	6¼-4½	5.75
13	8-5½	5.79
20	6-4	4.92
27	9-5½	5.90
Oct. 4	15-6	6.17
11	12-6	8.00
18	15-6	8.60
25	8-4	6.00
Nov. 1	20-9	7.50
8	20-2	11.20
15	30-6	14.00
22	12-6	10.33
29	10-6	6.80
Dec. 6	7-5½	6.17
13	15-6	7.17
20	9-5	6.83
27	18-7	9.40
1920		
Jan. 3	25-6	14.40

man has, of course, also borrowed from the bank to meet his business needs, be they commercial or speculative, and this borrowing has been done at the market rate. In the course of time he accumulates funds with which he might pay off the indebtedness on the bonds. However, common prudence would suggest that he pay the loans bearing the higher rate and allow the loans secured by the government obligations, with their preferential rate, to run on. Table 1 shows that the federal reserve banks in general discounted, to the last of November, an increasing amount of bills secured by government obligations and have increased their holdings of bills bought in the open market. The inference is that the banks wished to expend their call loans and have borrowed from the federal reserve banks on the security of government obligations

or rediscounted notes of their customers so secured, also that they have unloaded upon the federal reserve banks many acceptances, which would appear under bills bought in the open market.

The next action came in October, when the Federal Reserve Board asked the New York Federal Bank to send a questionnaire to some of the New York member banks asking them to report, as of October 24, 1919, the amounts of liberty bonds, victory notes, and treasury certificates owned by the institution and the amounts held as collateral, also the rates charged on the loans for which the collateral was held. Then on November 3, 1919, came really the first decisive action: the New York Federal Reserve Bank raised its rates. No longer was it possible to borrow money at 4 per cent on security of bonds paying $4\frac{1}{4}$ per cent. The other reserve banks followed the lead of New York. The rates were raised again in December.

On November 12, call rates went to 30 per cent, the maximum for the year, and stock prices broke 30 to 60 points in some cases. This and the other high rates in the fall were, obviously, not due entirely to the warnings of the Federal Reserve Board and the increases in the rates of rediscount at the federal reserve banks.⁶ The demand for loans is always brisk in the fall, government financing has at times absorbed a large part of the funds of the banks, and the shipping strike tied up funds by hindering the export of goods. So long as the member banks are heavy borrowers at the reserve banks any increase in the rates of rediscount should cause an increase in the rates charged by the member banks, but only in proportion to the increase in the rediscount rate.

Granting that call rates will go up, the effect is not certain, for a surprising feature of the situation has been the slight effect the high rates seem to have had on the volume of speculation. We are accustomed to argue that a high call rate will discourage speculation because it will increase the cost of carrying the stocks. Undoubtedly in many cases this has been true. The present situation differs from the ordinary cases chiefly in the wide and rapid fluctuations in the prices of stocks. These fluctuations present such chances for profit that even a 15 per cent call rate has not discouraged the speculator. Of course, we must remember that the really important call rate is the renewal rate, that is, the rate

⁶ Cf. the views of the Federal Reserve Board in the *Federal Reserve Bulletin* for December, 1919, pp. 107-9.

which the loans already in existence pay. Frequently the high rates were paid by only a small part of the borrowers.

Since the government has borrowed so much during the war, the provision allowing loans based on government obligations practically destroys the effectiveness of the provision refusing the rediscount privilege to paper the proceeds of which are used in stock speculation. However, the Federal Reserve Board might continue to advance the rate on loans based upon government securities until a penalty differential existed great enough to force borrowers to change the form of their borrowing. Presumably the real test will come when the government ceases to absorb banking funds for fiscal purposes; then the efforts of the Federal Reserve Board to cause deflation will probably meet with opposition and the power of the board, or the lack of it, will be seen.

We may conclude that "warnings" of the Federal Reserve Board, on the whole, seem to be futile. The profit seeking of the banks leads them to go into the business irrespective of the wishes of the Federal Reserve Board. So long as call loans are profitable, banks will use the facilities of the federal reserve banks by presenting securities which the law permits the banks to discount and will use the proceeds for call loans. Raising the rates at the federal reserve banks will raise call rates but may not check speculation at once.

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THE PROGRESS OF STATE INCOME TAXATION SINCE 1911

More than eight years have elapsed since the enactment of the Wisconsin income tax law, and it is perhaps worth while now to review the results of the new era of state income taxation which was then inaugurated. The earlier experiences of the American states with the income tax had been very unsatisfactory, for various reasons, and many students of the subject who had written before 1911 had condemned the income tax as a practical and effective source of state revenue.¹ In view of this earlier record there was no great enthusiasm, even in Wisconsin, for the new income tax.² But the success of this measure was so apparent, almost from the outset, that the income tax has experienced a sudden wave of popularity. The revenue possibilities of the federal income tax and the familiarity with income taxation which has accrued under the federal administration, have heightened this interest on the part of the states, many of which are in serious need of additional revenue resources. They are turning the more willingly and readily to a new fiscal source because of the restrictive constitutional provisions which in numerous states still cramp and confine the local revenue system within narrow limits. Constitutional amendments authorizing the income tax have been adopted in some states and proposed in others in which it has proved impossible to secure the removal or the relaxation of the rigid provisions of the uniform rule of property taxation.³ It is the purpose of this paper to review very briefly the legislation thus far enacted, and then to undertake an appraisal of the progress which has been made since 1911. The legislative summary will be presented chronologically.

I

The Wisconsin income tax act, passed in 1911,⁴ imposed a tax on all incomes, whether individual or corporate, earned or produced within the state. The situs of the source of the income

¹ Cf. Seligman, *The Income Tax* (1911), pp. 654-655; Kennan, *Income Taxation* (1910), pp. 318-325; Kinsman, *The Income Tax in the American Commonwealths*, esp. pp. 120-121.

² *Report of the Wisconsin State Tax Commission*, 1898, p. 168. Wisconsin Tax Commission, *Report*, 1909, p. 17.

³ For example, in Indiana and Ohio.

⁴ *Laws of Wisconsin*, 1911, ch. 658.

rather than the residence of the owner or receiver of the income was thus made the test of liability to the tax, which was levied on nonresidents and foreign corporations in respect of the income derived from sources within the state. This test made necessary a rule of allocation, whereby taxable income in the form of rents, royalties, and gain, or profit from the operation of any farm, mine, or quarry should follow the situs of the property from which derived; and income from personal service and from land contracts, mortgages, stocks, bonds, and securities should follow the residence of the recipient. Business incomes were to be apportioned to the state according to a statutory rule which was originally written for the purpose of determining the proportion of capital stock employed within the state.⁵ The rates were made progressive, and separate schedules were provided for individual and corporate incomes. In the original act an effort was made to bolster up the assessment of corporate property by adjusting the rate of income tax to the relation of earnings to assessed valuation, but this complicated arrangement was in force only two years.⁶ The personal property tax offset, introduced as a means of safeguarding the revenues while the income tax was in the experimental stage, remains in force, although the tax commission is now recommending its withdrawal.⁷ A personal exemption of \$800 was allowed to unmarried persons, and of \$1200 to husband and wife, with \$200 additional for each child under eighteen and for each additional person actually supported by and dependent upon the taxpayer. No exemption was allowed to corporations.

The next state income tax laws were passed in 1915, by Oklahoma, Connecticut, and West Virginia. The Oklahoma law imposed a tax upon the net income of "each and every person in this state," and upon the entire net income from all property owned, and of every business, trade, or profession carried on within the state by persons residing elsewhere.⁸ No rule of apportionment to the state was provided in the act, the entire administration of which was left to the auditor of state. The rates were made mildly progressive and the receipts were to be used for general state purposes. The personal exemptions were placed at \$3,000 for a single individual, with \$1,000 additional for wife or husband,

⁵ *Code of Wisconsin*, sec. 1770b, subsec. 7.

⁶ Repealed by *Laws of Wisconsin*, 1913, ch. 720.

⁷ *Wisconsin Tax Commission, Report*, 1918, pp. 6-8.

⁸ *Laws of Oklahoma*, 1915, ch. 164.

if living with the taxpayer, and \$300 for each child under eighteen years. Beyond these the taxpayer was to be allowed \$500 for each child or other person for whose support he was legally liable and who was actually and permanently domiciled with him, while such dependent was engaged solely in acquiring an education, and \$200 in other cases.

The laws of Connecticut and West Virginia are quite similar in purpose, since both apply only to corporate incomes derived from sources within the state and both are in the nature of privilege or franchise taxes.⁹ The Connecticut act requires each corporation subject thereto (the miscellaneous business corporations) to file with the tax commissioner a copy of the return to the federal Internal Revenue Department, and the federal determination of net income is accepted by the state, with no provision for an independent audit or determination of net income by the state tax authorities. The West Virginia act requires the state tax commissioner to determine the net income and assess the tax, but the data to be reported are similar in general to those on the basis of which net income is computed under the federal law. In the case of concerns doing business in more than one state, the Connecticut law provides for an apportionment on the basis of gross receipts, if the income be derived principally from the holding or sale of intangibles, and on the basis of the relative fair cash value of the real and personal property with no allowance for incumbrances thereon, if the profits be derived principally from the holding or sale of real estate or tangible personal property. In West Virginia the income of corporations doing business in more than one state is to be apportioned to the state in the ratio that the assessed valuation for purposes of taxation of assets and property located within the state bears to the total assessed valuation of assets and property in the jurisdictions where located. The Connecticut rate is 2 per cent, the West Virginia rate $\frac{1}{2}$ per cent, and in both instances the proceeds are for general state uses.

The Massachusetts law of 1916 applied to certain incomes only.¹⁰ Income received by inhabitants of Massachusetts from such forms of intangibles as were taxable as property under the

⁹ *Laws of Connecticut*, 1915, ch. 292; *Laws of West Virginia, Second Extraordinary Session*, 1915, ch. 3. In the latter state the tax was expressly declared to be a privilege tax, while in the former it was so construed by the court in *Underwood Typewriter Co. v. Chamberlin*.

¹⁰ *Laws of Massachusetts*, 1916, ch. 269.

existing laws was taxed at 6 per cent, incomes derived from annuities, trades, and professions were taxed at 1 1/2 per cent, and gains from dealings in intangibles were taxed at 3 per cent. If the total taxable income from interest and dividends did not exceed \$600, and exemption of \$300 was allowed, provided that in the case of married persons the exemption was not to be taken if the total income from all sources was in excess of \$1200. If the total income from all sources did not exceed \$600, annuities were exempted up to \$300, but only one such exemption might be taken. An exemption of \$2,000 was allowed in the case of business and professional incomes. The tax on intangibles was in lieu of the former property taxes upon these evidences of ownership. The administration of the tax was effectively centralized in the hands of the state tax commissioner, and the receipts, less the costs of administration, were to be distributed locally. The object of the permanent distribution scheme, which is to become finally effective after 1928, is to distribute the proceeds of the income tax in the same ratio as the state tax levy, after allowing for a ten-year period of gradually diminishing compensation to localities on account of the loss of revenue from intangibles returned for taxation.¹¹

The year 1917 saw four other states added to the list of those which sought financial relief through the income tax. These states were New York, Montana, Missouri, and Delaware. The New York and Montana acts applied to corporations only; the Missouri law included the entire income of residents and such incomes of nonresidents and of corporations as were derived from intrastate sources; and the Delaware law applied only to the incomes of resident individuals.

The New York income tax law of 1917 applied to the miscellaneous mercantile and manufacturing corporations and replaced the older franchise tax on the capital stock of such companies, although such a basis was retained for the determination of a minimum in case a corporation had earned no net income.¹² A flat rate of 3 per cent, advanced in 1919 to 4 1/2 per cent, was levied, and an elaborate rule was provided for the apportionment of net income to the state. The substitution of this tax for the local taxes on corporate personal property necessitated a reimbursement of localities for the loss in revenue. One third of the yield was set

¹¹ Cf. *Report of the Joint Special Committee on Taxation*, 1919, pp. 46-49.

¹² *Laws of New York*, 1917, ch. 726.

aside for this purpose, to be distributed locally in the proportion that the tangible personal property of such corporations in each district bore to their total property within the state. Administration was placed with the state tax commission.

The Missouri income tax follows fairly closely the federal act of 1916 in its definitions of gross income and in the deductions allowed both to individuals and corporations for the determination of taxable net income, with the omission of the allowance to individuals on account of philanthropic contributions.¹³ The undistributed profits section of the federal law¹⁴ was also copied; and the state auditor, who is in general charge of the administration of the tax, is given discretionary power to certify whether or not any given accumulation of earnings is unreasonable for the needs of the business. A credit is allowed on account of dividends paid by companies which are subject to the act. This deduction appears to be so worded as to allow exemption of the total dividend paid by corporations subject to the act, although only that part of their net income which originates within the state is taxable.¹⁵ The personal exemptions follow those of the federal law, but are not allowed to nonresidents.

The rule for the apportionment of corporate income to the state rests on the business done within the state, by which is evidently meant the volume of sales within the state, increased or decreased by the gain or loss shown by the inventories of finished and unfinished products, raw materials, etc., at the beginning and the end of the year. The deduction on account of corporate indebtedness is limited to that proportion of the sum of the entire amount of paid-up capital stock and one half of the outstanding indebtedness which the gross income within the state bears to total gross income. All taxes except special assessments, by whatever authority levied, are deductible. A flat rate of 1 1/2 per cent is levied on both individual and corporate incomes and the yield goes apparently to the state treasury.

The Montana income tax law follows closely the provisions of the Missouri law relating to this subject, except that a flat exemption of \$10,000, reduced to \$2,500 in 1919, is allowed to each

¹³ *Laws of Missouri*, 1917, p. 524.

¹⁴ *Income Tax Act of September 8, 1916*, sec. 3.

¹⁵ Cf. section 6, paragraph 9 of the law and page 21 of the Income Tax Regulations.

corporation liable under the act.¹⁶ The rule for the apportionment of income to the state differs from that in the Missouri law as does that for the deduction of interest and taxes. In Montana the taxable net income of corporations engaged in both intrastate and interstate business is to be determined by deducting from the intrastate gross earnings such proportion thereof as the total expenses for maintenance and operation, within and without the state, bear to the total gross receipts from all sources. Interest and taxes are deductible in the same proportion that intrastate gross earnings bear to total gross earnings. The state treasurer is in charge of the law, subject in certain respects to the approval and supervision of the state board of equalization. The rate is 1 per cent and the revenue is to be used for state purposes.

The original Delaware act exempted income derived from agricultural operations; but this unusual and, we may add, unwarranted exemption was withdrawn in 1919.¹⁷ The determination of income under the present law is substantially the same as under the federal law, except for the necessary exemption of federal agencies *in toto*, and the omission of the exemption to philanthropic contributions. The state treasurer is in charge of the act, with power to appoint a deputy clerk who shall actively supervise its operation. Two special collectors of state revenue were provided in 1919, to assist in seeking information at the source, investigating returns made by individuals, and in other ways checking results obtained under the original assets. A flat rate of 1 per cent is levied and the proceeds go into the state treasury. One thousand dollars of income is exempted to each taxable.

In 1919 three new states, New Mexico, North Dakota, and Alabama, entered the income tax field, and the legislatures of Minnesota and Indiana voted to submit constitutional amendments which would permit the use of the income tax. New York introduced a personal income tax and the Massachusetts corporation tax was modified to include an excise tax based in part on such net income of domestic and foreign corporations as was derived from business done within the commonwealth.

The New Mexico law applies to all natural persons and to all firms, corporations, joint stock companies, and associations hav-

¹⁶ *Laws of Montana*, 1917, ch. 79; *ibid.*, 1919, ch. 69.

¹⁷ *Laws of Delaware*, 1917, ch. 26; *ibid.*, 1917, ch. 30.

ing a place of business within the state, and to all persons, firms, etc., owning or operating oil or gas wells.¹⁸ The administrative provisions are not clear and are certainly weak. The state treasurer receives all returns from taxpayers and collects the taxes, but the assessment of the tax is apparently to be made in the several counties.¹⁹ The rate is graduated from $\frac{1}{2}$ per cent on incomes of \$5,000-\$10,000 to 3 per cent on the amounts in excess of \$50,000. A personal exemption is allowed of \$1,000 to single persons and \$2,000 to heads of families, with \$200 additional for each dependent. The rate on incomes up to \$5,000 is not clear. The revenue is to be used for the support and maintenance of various state institutions.

The North Dakota income tax act contains a number of provisions which are not found in other state income tax acts, but the distinction thereby achieved is not entirely enviable.²⁰ These peculiarities are in part, doubtless, the result of the desire to give expression to the social philosophy which underlies the present experiment in government in North Dakota. The most important point of contrast is the distinction between "earned" and "unearned" incomes. It is always difficult to apply this distinction logically and consistently to some forms of income on the borderline, and the North Dakota legislature did not escape all of the pitfalls. Earned incomes are defined to include any income received as wages, salary, or fees for personal service, or the profits from any business personally managed or conducted as an individual business or partnership, but not including the business of corporations, joint stock companies, or associations. Unearned income includes rents, royalties, interest on mortgages, notes, and bonds; also dividends on shares of stock or other interest in industry not personally conducted by the taxpayer; and from any other source whatever excepting the skill, labor, or personally conducted business or industrial enterprise of the person receiving the income. The penalty upon the corporate form is evident. A group of men receive earned income as partners, but the same group, managing the enterprise in the same manner, receive unearned income as stockholders. Income from loans on North Dakota real property is entirely exempted from the tax, although

¹⁸ *Laws of New Mexico*, 1919, ch. 123.

¹⁹ *Cf.* sections 3 and 4 of the act.

²⁰ *Laws of North Dakota*, 1919, ch. 224.

such income would clearly be "unearned" within the definition of this term. The distinction between earned and unearned incomes has just been eliminated from the law.²¹ The personal exemptions are similar to those in the federal law.

The rates applying to the two classes of income are elaborately and, in the writer's judgment, uselessly graduated. Differences in ability to pay, whether indicated by amounts of income or by the "earned" or "unearned" character of the income, cannot be measured with the minute accuracy that is here implied. The rates rise steadily for both classes of income, and the total tax burden on given amounts of the two classes of income presents the singular phenomenon of a heavier rate of increase on the earned incomes than on the unearned, as shown below:

Amount of income	Total taxes on	
	Earned incomes	Unearned incomes
First \$10,000.....	\$137.50	\$275.00
Second \$10,000.....	387.50	600.00
Increase	\$250.00	\$325.00
Per cent of increase....	181.18 per cent	118.18 per cent

The increase of taxes for the third \$10,000 of earned income over the taxes on the second \$10,000 is \$212.50, or 54.8 per cent, while for the same amount of unearned income it is \$200, or 33 1/3 per cent. This discrepancy was hardly intended and was produced by introducing, after \$10,000, much larger income brackets for unearned income, while the minute graduation of rate for earned incomes was continued through \$20,000 of income.

Greater emphasis is placed upon collection at the source in North Dakota's law than in any other state income tax law, notwithstanding the unfortunate experiences under the federal income tax.²² This system of collection must involve tremendous administrative difficulties and complications, for the withholding agents are required to deduct from each payment of interest, dividends, or other form of taxable income, such part as will be required to pay the tax, and there are no less than twenty-three different rates any one of which may be the proper one in a given case. The taxpayer may procure a deduction or allowance by

²¹ *Bull. Nat. Tax Assoc.*, vol. V (Jan., 1920), p. 101.

²² *Cf. National Tax Association, Proceedings of the Ninth Annual Conference, 1915*, esp. pp. 284-290.

filing with the tax commissioner a statement of total net income and of the separate items for which the deduction or allowance is claimed. All collection agencies are required to obtain a license from the tax commissioner, under penalty of \$5,000 fine or one year imprisonment or both.

Two taxes are provided for corporations. The first is a flat tax of 3 per cent on total net income derived from sources within the state, and the second is a tax of 5 per cent on the amount of income remaining undistributed six months after the end of each calendar year. A credit is allowed, in applying the first of these, of all dividends received from corporations also subject to the 3 per cent tax, but such dividends must of course be included in the return of undistributed net income for the purposes of the 5 per cent tax. The latter does not apply to income retained for use in the business, but if the tax commissioner finds that income so retained is not employed in the business, or is not reasonably required by the business, it is to be taxed at 10 per cent. If a concern is engaged in business within and without the state, net income is to be apportioned on the basis of the business done, and in the event that this is not more readily ascertainable, business done within the state shall be that proportion of the total which the property within the state bears to the total property of the concern. The property of public utilities is to be allocated to the state on the mileage basis.

The assessment of all corporate income is to be made by the state tax commissioner, who is given the usual powers of prescribing the form of returns to be made, compelling the production of books and papers and the appearance of witnesses, and authorizing adaptation to the fiscal year. The assessment of individual incomes is to be made by income tax assessors appointed by the tax commissioner, and working in districts determined by him. The receipts are to be used for general state purposes.

The New York income tax law of 1919 applies to the entire income of residents and to the income of nonresidents in so far as the latter is earned or produced within the state.²³ The decision of the lower federal court in the Yale and Towne case will not prevent an assessment of the income of nonresidents. This New York act follows very closely the federal law in the determination of gross and net taxable income and in the exemptions allowed.

²³ *Laws of New York*, 1919, ch. 627.

The state comptroller rather than the tax commission was given administrative charge, for political reasons. The rates were made moderately progressive, rising from 1 per cent on the first \$10,000 of taxable income to 3 per cent on all income above \$50,000. One half of the yield is to be distributed locally in accordance with a rather complicated scheme worked out by the state tax commission, and the remainder goes to the state.

The Massachusetts income tax on corporations was enacted in connection with certain changes which were being made in the corporation tax.²⁴ The new tax consists of \$5 on each \$1,000 of corporate excess, and a rate of 2 1/2 per cent on that part of the net income which is derived from business carried on within the commonwealth. Except for affiliated companies, making a joint federal return, which are to file with the tax commissioner a return in accordance with the law and the regulations governing the usual federal return, the term "net income" is defined to be the net income for the taxable year as reported to the federal government. Deduction is allowed for all interest on obligations of the United States, all dividends received from domestic corporations and all other dividends which would be exempt if received by an inhabitant of the commonwealth. Apportionment of income to the state is made by a new and very suggestive method which is described below.²⁵ One sixth of the entire tax is to be paid to the state; the remainder is to be distributed locally to the districts in which the corporation does business, on the basis of the relative amounts of tangible property of the corporation. If it conducts no business in Massachusetts the entire tax is paid to the state.

The Alabama income tax law of 1919 has not been available to the writer, and no reference can therefore be made to its provisions.

II

This extremely condensed summary of the large grist of state income tax laws already produced shows that the usual tendencies in state tax legislation are at work—great diversity of form, absence of standards, and the presence of double taxation. It is too early, perhaps, to prescribe the ultimate form which such a

²⁴ *Laws of Massachusetts*, 1919, ch. 355. Cf. *Report of the Joint Special Committee on Corporation Tax*, 1918. Also, *Report of the Joint Special Committee on Taxation*, 1919, part I.

²⁵ Cf. below, p. 88.

tax should take, or to predict the ultimate degree of usefulness which it will prove to possess as a source of state and local revenues. Some questions of form appear to be fairly well settled, as the result of federal and state experience, while others are more debatable. Varying local conditions will always prevent absolute uniformity in state tax legislation, as they will always justify certain distinct local types, such as the Massachusetts tax on personal incomes. Fundamental differences in economic conditions in different sections will doubtless perpetuate a certain conflict of local interests which will find expression in the formulation of legislation best designed to serve the local interest, regardless of the best general results. The ensuing comments and suggestions are offered in no dogmatic spirit but in the hope that they may contribute to the increased effectiveness of the income tax in all sections, and, so far as this is possible, to the greater uniformity of income tax legislation and administrative procedure.

The first question that naturally arises in any discussion of comparative standards in income tax legislation is that of the proper definition of gross income and the proper deductions to be allowed in the determination of taxable net income. The greatest progress in formulating and clarifying these concepts has been made in the federal income tax legislation of the past six years, and we are now fairly clear as to the proper content of the concepts of gross and net income. The federal concepts are in general acceptable and might very well be followed, with some modifications to be suggested below. Indeed, there would be certain obvious advantages in following the federal terminology and practice because of the universal familiarity of taxpayers with the federal usage. The principal changes which the writer would suggest in the federal definition of gross and net income as these are carried over into the state income tax laws are the following.

The first change would be a more definite requirement for the return of total income from all sources, whether taxable or not. Section 213 of the federal act of 1918 appears to undertake two things and the result is failure to make a proper distinction between items which should not be included in gross income, because they are not income at all, and items which are properly income but of a sort which it is intended to exempt. In the former class would be found such items as the proceeds of life insurance policies, the value of property acquired by gift or bequest, and

amounts received under workmen's compensation acts; and in the latter class would be interest on exempt bonds and income received for military and naval service. A proviso in section 213 does require a statement of exempted bonds, but the inclusion of the interest therefrom in total income should be more clear and specific because of the bearing upon the interest deduction, to be discussed below.²⁶

A second proposed change relates to the method of dealing with gains from the sale or other disposition of capital assets. There is doubt in some quarters as to the wisdom of treating such gains as taxable income at all, and with this view the writer has some sympathy, because it appears, under even the most favorable construction, that such a tax operates as a bar or hindrance to the ready transfer of property. Moreover, it results in imposing a burden on the person who sells which is escaped by the one who does not sell.²⁷ On the other hand, without some such provision it might be difficult to reach the gains or income of the professional trader or dealer in land, or durable capital or consumer's goods; and it is, of course, impracticable to attempt either a statutory or administrative distinction between the professional trader and the casual operator. The dilemma is a serious one, and, all things considered, it may be wiser from the practical standpoint to impose the tax. In this event some limit should be set to the amount of the increase in capital value which is to be subject to the tax. The successive federal acts have retained March 1, 1913, as the date for the determination of the basic value of property acquired theretofore, and in the event of sale or other disposition they have required the inclusion in gross income of the whole gain accruing since that time. A seven-year interval has already elapsed and there is no apparent disposition to move the basic date forward; meantime, as values advance, every owner of property, and especially of real estate, finds himself less disposed to effect a sale or

²⁶ Cf. below, p. 79.

²⁷ According to the distinction set up by Professor Seligman in his recent paper, "Are Stock Dividends Income," *AMERICAN ECONOMIC REVIEW*, vol. IX (Sept., 1919), p. 517, the man who sells has realized his gain, hence it is income; but the unrealized gain of another man who owns the same kind of property, say a farm, but who does not sell it, is an accretion to capital, hence not income. It is impossible to convince the average farmer or business man of the soundness of this distinction or, at least, of its wisdom in a tax law, when the practical effect is to penalize so heavily the man who sells his property.

transfer because of the increasing tax burden due to the graduation of tax rates. This will mean that land and capital goods will in many cases be retained by those whose use of them is less efficient, and the entire community will be penalized by this check upon alienation. The taxing agency should consider these indirect effects and content itself with a moderate compromise, an example of which was contained in the proposed Ohio income tax law.²⁸

This compromise limited the gain to be taxed to that which had accrued during the three years preceding the date of sale or transfer, but in no event prior to the year to the income of which the tax first applied. The basic value for the measurement of taxable gain from the sale or transfer of capital assets would then be either the cost of acquisition or the value as of a date three years prior to the date of sale. Further, the gain was presumed to have accrued uniformly over the three years and was to be taxed at the rates in effect during these years; and, finally, the taxpayer was given an option of paying the tax in the year of sale, as outlined above, or of reporting annually the increase in value as disclosed by an inventory and paying the tax in each year, whether in anticipation of a sale or not. In such case permission was also to be given to deduct losses disclosed by the inventory as an offset to the gains reported in other years.

The proper treatment of stock dividends is another moot point. The economic question involved is whether such dividends are really income: the weight of the authority, and of the reasoning, is on the negative.²⁹ Nevertheless, the federal laws since 1916 have contained the provision for the inclusion of stock dividends in gross income, and the state laws without exception have followed the example. The constitutional aspects of the question are still before the Supreme Court on the second hearing and it is useless to speculate on the legal points involved. The issue in the case before the court, as the writer understands it, however, is not at all the economic question as to whether stock dividends are income. The generally accepted view is that the stock dividend is,

²⁸ This bill failed of passage. It is found in the appendix to the *Report of the Joint Special Taxation Committee of the Ohio 83rd General Assembly*, 1919, pp. 147 ff.

²⁹ Cf. Seligman, *loc. cit.*; also, Fairchild, "The Economic Nature of the Stock Dividend," *Bull. Nat. Tax Assoc.*, vol. III (Apr., 1918), p. 161; and *ibid.*, "The Stock Dividend, A Rejoinder," *op. cit.*, p. 240.

as Professor Davenport has put it, "a mere reshuffling of titles";³⁰ and it follows, regardless of the court's decision, that they should not be included in the return of gross income.

A third point at which all income tax laws, both state and federal, need improvement is in the means for avoiding the discrimination which, while not authorized by the language of any of these laws, is in practice permitted. This discrimination operates against all who live in cities and buy their means of subsistence, and in favor of farmers and rural dwellers whose subsistence is incidentally produced in the larger farm operations. It is universal, in income tax laws, not to permit the deduction of living or family expenses, but such deduction is in practice taken by the large majority of farmers. The administrative difficulties involved in securing a proper return of that portion of the farmer's income which is consumed rather than sold or converted into cash are tremendous, and these difficulties are enhanced by the well known shortcomings of farmers' accounting methods. It is hardly surprising that farmers and rural dwellers generally disregard the value of products consumed in making a return, or in considering whether they should make a return at all. An effective state administrative organization, with income tax assessors who could come into fairly close contact with the rural population, would undoubtedly have a better chance at securing proper return of such income than the federal authorities have. Such administrative efforts would have a much greater probability of success if the law under which they were made contained very definite provisions relating to income of this sort; and every state income tax law should contain such provisions.

It is true that in the somewhat similar matter of house rents, the Wisconsin tax commission found that the game was not worth the candle. The Wisconsin law of 1911 required the inclusion, as income, of the estimated rental value of premises occupied by the owner, against which, as deductions, he was to be allowed the expenditures for maintenance and repairs. The efforts involved in a proper estimate of rental value and the proper accounting for deductible outlays was so disproportionate to the result that this provision was repealed in 1917.³¹ The two cases are not exactly

³⁰ Davenport, "The Stock Dividend Again," *Bull. Nat. Tax Assoc.*, vol. IV (Nov., 1918), p. 58.

³¹ *Laws of Wisconsin*, 1917, ch. 374; also, Wisconsin Tax Commission, *Report*, 1916, pp. 46-47.

parallel, for, in the case of produce consumed on the farm, no separate deductions as expense would be necessary. When the farmer does make a return he deducts the entire expense of farm operation, so that no separate accounting for the cost of producing that portion of the product consumed is involved. Furthermore, the net advantage would be greater in the latter case, by the difference between the average rental value of dwellings and the average value of products consumed by the typical rural family. This game would certainly be worth the candle in those states in which the agricultural element is significant.

On the side of deductions the most important change from the present provisions of the federal law should be a restriction of the amount of interest on indebtedness which should be deductible. The proper standard for such a deduction is suggested by the *Report on a Plan for a Model System of State and Local Taxation*.³² This is that the proportion of interest on debts be allowed which the income from taxable sources bears to the total income from all sources. The section covering this point in the original draft of the New York personal income tax law is worthy of a place in every state income tax act. The deduction of interest is to be: "The same proportion of interest paid or accrued within the year on indebtedness which the amount of such gross income as herein defined (*i.e.*, gross income from taxable sources) bears to the gross amount of the income from all sources within and without the state."

The deduction of all taxes, except special assessments, by whatever authority levied, is allowed to individuals by all of the state laws except that of New York, which expressly excludes deduction of income taxes imposed by the United States or by any other state or taxing subdivision. Eminent legal authorities appear to differ on the question of the right to deduct federal excess profits taxes under the New York law applying to business corporations.³³ In all other states this deduction is permitted, although in Montana the amount of taxes to be deducted depends on the relative

³² Reference is made to the *Preliminary Report of the Committee Appointed by the National Tax Association to Prepare a Plan for a Model System of State and Local Taxation*, p. 15. Cited hereafter as in the text above.

³³ Cf. Powell, "Should the Excess Profits Tax be Deducted in Computing the New York Franchise Tax on Mercantile and Manufacturing Corporations," *Bull. Nat. Tax Assoc.*, vol. IV (Dec., 1918), p. 66, and Zoller, "Taxable Net Income under the New York Law," *ibid.* (Jan., 1919), p. 97.

intrastate gross earnings of the business. It is probably best to allow such deductions *in toto*, since it is hardly equitable to levy on either an individual or a business concern because of taxes paid in another jurisdiction.

Another fairly well established feature of income taxation is the type of administrative control required. The most significant contribution which Wisconsin has made to the modern income tax movement has been the development of an efficient administrative organization and the demonstration of the value of such an organization for the success of the tax. In almost every state in which it is worth while to attempt an income tax, special administrative machinery will be required. The existing state and local officials are already burdened with other duties and the income tax must compete with these other and often varied obligations for attention. The tax commission or the tax commissioner is the logical head of the income tax administration, and this head must have ample and effective control over the officials actively concerned with the assessment of incomes. The assessors of incomes are preferably to be centrally appointed, but they should enjoy such tenure and dignity of office as will enable them to establish and maintain those local contacts which are as valuable in securing results as they are in toning down the harshness which otherwise might enter an administration entirely removed from local control and influence. The necessarily inquisitorial character of income tax administration must and can be tempered by the establishment of a relationship of goodwill and mutual respect between assessor and taxpayer.

The further details of the administrative organization are capable of some modification to meet local conditions, provided effective central control is maintained. The more satisfactory plan is that followed in Wisconsin, New York, Massachusetts, and some other states, of providing for income tax districts and an appointive assessor of incomes in each district.

Other administrative matters which deserve mention are the procedure of actual assessment and of appeals, and the system of collection. On the first two of these points the writer ventures to quote some paragraphs from a *Report on the Operation of State Income Taxes*, written for the Ohio Joint Taxation Committee.³⁴

³⁴ "Report on the Operation of State Income Taxes," by H. L. Lutz, in *Report of the Joint Special Taxation Committee of the Ohio 83rd General Assembly*, Appendix, esp. pp. 94-95.

For the actual calculation and assessment of the amount of income tax due, there have been developed, in general, two methods. One method, which is illustrated in the federal practice, is to require the taxpayer to calculate the tax due and remit all or a part of it with the return. After an audit, which is supposed to be made promptly but which may not occur until a lapse of one or more years, the correctness of the return and the payment is finally determined. The other method, which is found in Massachusetts, is the calculation of the tax due by the administrative officials. Returns are due by March 1, the assessment or determination of the tax due is made in the office of the income tax deputy and tax bills are mailed, by September 1, and the tax is payable by October 1. This plan has the merit of a prompt determination of the tax due, although it is open to the objection of hasty auditing, additional clerical and postage expense, and possible inaccuracy due to crowded work. On the other hand it may lift a part of the burden of preparing the tax return from the taxpayer. Certain deductions allowed from the interest and dividends taxable under section 2 are permitted by section 3, and the calculation involved in this deduction is almost necessarily performed by the tax officials, since the method of determining the deduction provided by the section is almost certainly incomprehensible to the average taxpayer.

A necessary part of the administrative machinery of every tax act is the procedure for review and abatement of assessments. This is always a difficult problem, for neither of the practicable alternatives is wholly satisfactory. In general, the tax assessing and administrative officials may be designated as a reviewing board, whose findings on the facts may be final; or an appeal may lie to some outside authority, usually a court, which is often lacking in the technical qualifications required for passing upon disputed issues of fact. All things considered the review upon the facts should be conducted by the higher taxing authorities, with proper safeguards for the protection of all legal rights by the courts.

A third variation in systems of collection is found in Wisconsin; and, especially for the state income tax, this plan appears to possess decided advantages. The income taxes assessed are certified to the local collectors of property taxes and are entered, on a separate tax roll or duplicate, for collection at the same time and in the same manner as other taxes. The low personal exemptions which should be allowed in a state income tax mean that a large number of persons will become liable for income tax who do not ordinarily have a bank account. These persons will be obliged, otherwise, to remit to the state by means of money-order, draft, or in cash. There will be additional expense and inconvenience to these taxpayers, and a possibility of some loss if cash is sent.

Payment to the local collectors avoids what might become a source of friction and complaint against the law.

Another point which is fairly well settled in principle, if not in practice, is the relation of income and property taxes. This relation is acceptably set forth in the *Report on a Plan for a Model System of State and Local Taxation*. Three separate taxes are there proposed: a personal income tax, a classified property tax, and a business tax. Such a combination, it is asserted, will satisfy every legitimate claim of any American state. Its substance is thus summarized in the language of the report:³⁵

It provides that all persons should be taxed fairly and fully at their place of domicile for the personal benefits they derive from the government. It provides that all tangible property which any state may desire to tax shall be taxed fully at its situs for the governmental services it there receives. It eliminates the taxation of intangible property, as property, because such taxation cannot be carried out without a large amount of unjust double taxation. And, finally, it provides a method by which any state which desires to tax business may do so in a fair and effective manner.

A number of the states have made encouraging progress toward the proper correlation of income and property taxes. Wisconsin, New York, and Massachusetts have exempted intangibles entirely from taxation as property, and in the first-named state the exemption was extended also to some of the more troublesome forms of tangibles. At the same time the familiar device of the personal property tax offset was introduced, whereby any taxpayer might present his personal property tax receipts toward the payment of his income tax. North Dakota, New Mexico, and Missouri have permitted the offset of all taxes on personalty, and in the original Missouri law the deduction of all property taxes was permitted. This costly blunder was corrected in 1919 and the offending section was characterized as being "confusing and misleading, and in practical results destructive of the ends sought by the act."³⁶ In Ohio, where efforts are at present being made to secure an income tax, the curious spectacle was recently presented of certain interests vigorously opposing a classification amendment and at the same time advocating an income tax, with a personal prop-

³⁵ *Op. cit.*, p. 33. Cf. Seligman, "The Taxation of Nonresidents in the New York Income Tax Law," *Bull. Nat. Tax Assoc.*, vol. V (Nov., 1919), p. 40.

³⁶ *Laws of Missouri*, 1917, p. 524; *ibid.*, 1919, p. 718.

erty tax offset, "like that of Wisconsin."³⁷ As a matter of fact, not only in Ohio but in western states which have the personal property tax offset, the real point of such a device is missed.

The real purpose of such an offset, in Wisconsin, was that of safeguarding state and local revenues during the initial period of uncertainty as to the yield of the income tax, its constitutionality, and its permanence in the state tax system.³⁸ A somewhat similar expedient was employed in 1900 at the time of the transition from the gross earnings to the ad valorem basis of railroad taxation.³⁹ The tax offset has served its purpose as a temporary and emergency measure and the tax commission now urges its withdrawal. There is certainly very little to be said for a permanent offset of the taxes on tangible personalty against the income tax. The double taxation argument, if sound, would apply with quite as much force to real estate, the owner of which has quite as good a claim to an offset as does the owner of tangible personalty. The treatment of intangibles as property does involve double taxation and the laws of the progressive states contain recognition of this fact. It cannot be plausibly argued that a tax on property and another tax on the income from the property is improper double taxation, for we are here dealing with two different objects of taxation. Objectionable double taxation does appear to have been introduced by the North Dakota law, in requiring the taxation of dividends as unearned income and at the same time permitting no credit or offset to the individual on account of the taxes paid by the corporations subject to the act.

Another point at which it is very necessary to have uniformity of practice is in the treatment of nonresidents. This uniformity is attainable in either of two ways: the application of the tax to residents only, as in Massachusetts, or the extension to nonresidents of a credit on account of income taxes paid in the state of residence, as in New York. All of the western states tax nonresidents, but none of them allow such credits, although the Oklahoma law apparently permits the personal exemption to nonresidents and the North Dakota law authorizes it on application. A partial

³⁷ The classification amendment was defeated in November, 1918, by about 77,000 votes, largely through the activities of the Ohio Grange, which thus put itself in the position of defender and advocate of the general property tax. Cf. *Bull. Nat. Tax Assoc.*, vol. V, p. 65.

³⁸ Wisconsin Tax Commission, *Report*, 1918, p. 7.

³⁹ Lutz, *The State Tax Commission*, p. 258.

justification for the Wisconsin practice may be found in the different rule which governs the liability of all incomes to taxation in that state, but this principle is out of line with the modern tendency and should be changed.⁴⁰ There is little enough prospect of uniformity here, for we have to deal with another instance of fundamental conflict of interests between the western and the eastern states.⁴¹ The logic of the situation would lead to the tax on residents only, as this would be the effect of the credit feature with the income tax in general use; but expediency calls for the other solution, since there would not be double taxation of the income of any given nonresident until the state of his residence also introduced such a tax.⁴²

Finally, the fiscal adequacy and elasticity of the state income tax, under proper conditions, may be accepted as fairly well established. These conditions may be inferred from the experience of the two states whose financial results with the income tax have been most extensive. For Wisconsin the gain from the use of the income tax is shown in the following table:⁴³

EXCESS OF INCOME TAX OVER THE PERSONAL PROPERTY TAX USED AS OFFSET AND THE ESTIMATED AMOUNT LOST BY THE EXEMPTION OF CERTAIN PERSONAL PROPERTY

Year	Income tax assessed	Personal tax used as offset	Estimated tax on exemptions	Delinquent income tax
1912	\$3,482,000	\$1,609,000	\$700,000	\$241,000
1913	4,084,000	1,805,000	700,000	251,000
1914	4,145,000	1,987,000	700,000	251,000
1915	3,837,000	1,825,000	700,000	105,000
Totals	\$15,549,000	\$7,228,000	\$2,800,000	\$753,000
Total income tax assessed	\$15,549,000	Personal tax offset.....		\$7,228,000
Total personal and delinquent	10,782,000	Estimated tax on exemptions		2,800,000
		Delinquent		753,000
Total excess	\$4,767,000			
Average excess	1,191,000	Total		\$10,782,000

In commenting on this table the tax commission states that a large

⁴⁰ Wisconsin Tax Commission, *Report*, 1918, pp. 7-8.

⁴¹ For example, the inheritance tax. Cf. the discussion of the inheritance tax in the *Proceedings of the Sixth National Tax Conference*, 1912, pp. 303-320.

⁴² Professor Seligman has attempted to reconcile justice and expediency in his defense of the New York tax on nonresidents in the *Bulletin of the National Tax Association*, vol. V (Nov., 1919), p. 40.

part of the amount shown here as delinquent was really collected later by the county treasurers; and, in consequence, the excess of the income tax should be greater than is actually shown. From the published statistics for later years some of these totals may be extended:⁴⁴

	1916	1917
Total tax assessed	\$5,328,000	\$9,482,000
Offset	2,211,000	3,307,000
Excess of income tax....	\$3,118,000	\$6,175,000

The total tax assessed for 1918 was \$11,830,000. It appears from these figures that the yield of the income tax has expanded much more rapidly than the personal property tax offsets, and that there is, therefore, much greater elasticity in the former than in the latter tax.

The Massachusetts tax commissioner has published an exhibit of the assessments of the first year (see page 87).⁴⁵

The amount of intangibles assessed in 1916 and the tax derived therefrom are not ascertainable since the Massachusetts tax returns did not separate the two classes of personalty. It required \$8,120,621 to reimburse the cities and towns in 1917 for the loss of taxes due to the decrease in the total personalty assessed in 1917 below the amount assessed in 1915. This decrease represents the amount of tax which, it is assumed, had been derived from intangibles plus a small allowance for fuller disclosure of tangible property in 1917. Estimating the loss due to the \$300 exemption and that due to the exemption of nonresident beneficiaries of estates and trusts at \$2,100,000, the former yield of that part of the intangibles which paid income tax in 1917 was placed between \$6,367,000 and \$6,867,000.⁴⁶ The new tax represented, therefore, a real gain of about \$2,000,000 in the first year. The total assessment of income for 1918, at the date of the annual report, was \$14,387,000. It is quite evident, therefore, that the income tax on interest and dividends is proving to be very much more productive of revenue than the former taxes at high rates on the capital value of such intangibles as were listed.

⁴³ Wisconsin Tax Commission, *Report*, 1916, p. 68.

⁴⁴ *Ibid.*, 1918, p. 12.

⁴⁵ Massachusetts Tax Commissioner, *Report*, 1917, p. 20.

⁴⁶ *Cf.* the discussion in the *Report*, 1917, pp. 16-18.

CLASSIFICATION OF ASSESSMENTS UNDER THE INCOME TAX, 1917

	Number of returns	Business income	Three per cent gains	Annuities	Interest and dividends	Exemptions, 6 per cent	Total
Individual	162,217	\$1,625,905.71	\$608,117.61	\$24,111.51	\$6,435,198.24	\$103,219.20	\$8,693,333.07
Partnership	10,071	923,867.82	176,080.59	—	452,972.92	6,968.04	1,552,921.33
Fiduciary	13,895	12,288.03	50,536.31	—	1,348,628.75	5,243.91	1,411,453.09
Total	186,183	\$2,562,061.56	\$834,734.51	\$24,111.51	\$8,236,799.81	\$115,431.15	\$11,657,707.39
Balance estimated (not in statistics)	5,000	15,000.00	1,500.00	100.00	\$60,703.70	5,000.00	477,303.70
Totals	191,183	\$2,577,061.56	\$836,234.51	\$24,211.51	\$8,697,503.51	\$120,431.15	\$12,135,011.09

The elasticity of the tax is a strong point in its favor, and practical benefits from this feature have already been realized by Massachusetts and West Virginia, through the readjustment of rates. In order to meet the unusual expenses of the war period Massachusetts levied an additional tax equal to 10 per cent of the taxes already laid on incomes.⁴⁷ This act was to be in force for one year only. In 1919 a special fund was voted to provide suitable recognition for service men, and a part of this was secured by increasing by $\frac{1}{2}$ per cent the rate on interest and dividends during the years 1918-1921 inclusive.⁴⁸ At the same time the rate on business incomes received during the years 1918 and 1919 was increased by 1 per cent.⁴⁹ The war emergency was likewise made the occasion, in West Virginia, for an additional tax on corporate incomes at a rate not in excess of $\frac{1}{4}$ per cent, which was to endure until the end of the fiscal year after the termination of the war.⁵⁰ The board of public works was to determine the exact rate and the proceeds were to go into a special fund for the state council of defense. This emergency act was repealed in 1919, but the additional rate of $\frac{1}{4}$ per cent was retained and made permanent.⁵¹

In contrast with the progress which has been made at some points in the development of state income taxation is the diversity which marks the various statutory rules for the apportionment of income to the state, especially in the case of corporations. This problem was characterized by Professor Seligman as one of the most difficult of solution by the states,⁵² while the National Tax Association Committee on a Model System of State and Local Taxation asserted that "practicable methods" existed for making such a determination and that no serious difficulty was to be apprehended at this point.⁵³ The latter position was properly enough taken in the case of the valuation of the railroads and other public utilities, under the unit rule of assessment and assignment of value on the mileage basis.⁵⁴ Some states, including West Virginia, Missouri, and North Dakota, have taken a similar basis

⁴⁷ *Laws of Massachusetts*, 1918, ch. 252.

⁴⁸ *Ibid.*, 1919, ch. 342.

⁴⁹ *Ibid.*, ch. 324.

⁵⁰ *Laws of West Virginia, Extraordinary Session*, 1917, ch. 6.

⁵¹ *Ibid.*, 1919, ch. 7.

⁵² Seligman, *The Income Tax* (1911), pp. 645-649.

⁵³ *Preliminary Report on the Model System*, p. 29.

for the apportionment of corporate income to the state, on the assumption that the distribution of property is a satisfactory guide to the distribution of income. But is this true of the manufacturing concern doing business in several states? The raw materials are bought in one state, the processes of manufacture are carried on in another, and the products are sold in many others. In which state is the income earned, or in what manner shall it be apportioned? Any allocation of income in such a case must be arbitrary, but there may be serious and extensive multiple taxation unless there is some approach to uniformity in the methods, or at least in the results, of the apportionment. The most suggestive method which has yet appeared, in the writer's judgment, is that contained in the Massachusetts law of 1919;⁵⁵ and its value lies largely in the fact that the apportionment is to be determined by a number of factors in so far as these are severally applicable. This rule may be summarized as follows:

First, such part of the net income as would be taxable under the income tax laws of 1916, if received by an inhabitant, is made taxable. The details of this deduction are simply a coordination of this tax with the law of 1916, and are of local interest only. The amount of net income which remains after the deduction of such amounts as would be taxable under the above provision is to be divided into three parts; of these parts, one is to be apportioned to the state on the basis of the location of the tangible property within and without the state; another is to be apportioned on the basis of the wages, salaries, commissions, and other compensation paid to employees within and without the state; and the final third on the basis of the relative gross receipts. The scope of the last two bases is definitely set forth in the law. This rule appears complicated, but no simple rule can preserve the equities; and while mere complexity is no guaranty of such a result, the odds are certainly in favor of a rule, which, like that of Massachusetts, gives weight to the more important factors involved in the origin of interstate income.

Another question of some practical importance is the extent to which the returns to the federal government and the determination of net income thereunder should be made the sole basis for the state's assessment of net income. The laws of Connecticut and

⁵⁴ But Cf. Lutz, *The State Tax Commission*, p. 305, for the case of the express companies in Michigan.

⁵⁵ *Laws of Massachusetts*, 1919, ch. 355.

Massachusetts make the federal determination of net income final, while West Virginia, New York, and some other states, permit an independent assessment of net income by the state authorities, without precluding the acceptance of the federal assessment. It is no reflection on the accuracy of the latter to recommend that the state officials be allowed original jurisdiction. In Connecticut some difficulty has been experienced in securing a complete file of the series of amendments and corrections which have been made and allowed by the federal auditors, and the uncertainty to which such a condition naturally gives rise is very undesirable from the administrative standpoint.

A final question to be touched upon is that of the proper disposition of the receipts from the state income tax. All of the states except Wisconsin, New York, and Massachusetts retain the entire proceeds for the use of the state government. None of them is hampered as Ohio is, with a constitutional requirement that at least one half of the yield be distributed to the municipality or township of source.⁵⁶ Whether the yield is to be retained by the state or distributed locally is always a matter of purely local concern; but this much seems clear from the experience of Wisconsin, and it makes the outlook especially discouraging in Ohio, that it is unwise to undertake distribution of any large part of the tax to the district of source, assuming that the source can be unfailingly determined. Under the plan of returning 70 per cent to the districts of origin, certain rural towns in Wisconsin in which large industrial plants are located appear to be receiving an income far in excess of their requirements, a condition which is certainly not conducive to economy of public management.⁵⁷ Beyond the extent to which an equalization of revenue is required by the exemption of intangibles or other personal property, the best use of the income tax would appear to be for interests or purposes which are statewide, such as education, public health conservation, and similar activities. The example of Massachusetts, in setting aside about \$4,000,000 from the proceeds of the income tax as a state school fund for the equalization of educational opportunities throughout the state, is worthy of emulation.⁵⁸

⁵⁶ *Constitution of Ohio*, art. XII, sec. 9.

⁵⁷ Lyon, "The Distribution of Income Taxes to Localities," *Bull. Nat. Tax Assoc.*, vol. V (Dec., 1919), p. 73.

⁵⁸ *Laws of Massachusetts*, 1919, ch. 363.

III

Some brief conclusions may be drawn from this survey of the newer income tax movement.

First, the diversity and variety of legislation is unfortunate; and, if this tendency continues, diversity and variety may become chaos. If such a thing is at all feasible, a model income tax law should be drafted and recommended by the National Tax Association or some other body.

Second, there has been marked progress in the formulation of certain features of income taxation, such as the definition of income, the relation of income and property taxes, and at other points. With all of the agencies which are capable of influencing legislative action in cooperation behind a program, the unwise tendencies toward diversity might be checked.

Third, a number of states appear to have been attracted to the income tax with little regard to the proper conditions upon which success depends. Effective administration is certainly the most important single condition to be emphasized, without which the income tax has never succeeded.

Fourth, under the kind of administration that is now possible, the system of assessment upon original return is superior to that of stoppage at the source. Information at the source is a very useful aid to administration and should be extensively employed.

Fifth, under the proper conditions of income capacity and administrative efficiency, there is no doubt of the fiscal adequacy and elasticity of the income tax. The fiscal results will be relatively much more important in the states with a large urban population and with the higher range of incomes which this concentration of population and wealth betokens.

Sixth, the income tax is not necessarily the road to financial salvation for every state. This is not the first time that the states have hastened to patronize a new and attractive fiscal panacea, nor will it be the last. Each local revenue system must be adapted to reach the local sources of taxpaying capacity, and it remains to be seen to what extent the income tax is a useful tax form for reaching this capacity under all circumstances and in all parts of the country. Careful study of local conditions should precede the introduction not only of this, but of every other experiment in financial legislation.

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RECIPROCAL OR INTER-INSURANCE AGAINST LOSS BY FIRE

"We get back 85 per cent of the premiums we pay for fire insurance. That is real insurance." So spoke the most successful merchant in a large city, as he began to outline to the writer the advantages he experienced from reciprocal fire insurance. Almost at the same time Rulon S. Wells, commissioner of insurance of the state of Utah, was declaring before the Convention of Insurance Commissioners meeting in Denver¹ that the system was "a snare and a delusion, that it brought into mutual relationship of responsibility varied classes of property owners who would do well to investigate the moral standing of those they are obliged to pay losses for." A glance at the names of merchants and manufacturers signed to inter-insurance contracts proves that some of the most prominent business men in America utilize reciprocal fire insurance. On the other hand, the late John S. Patterson,² then commissioner of insurance and banking of Texas, as recently as 1915 made the startling statement that:

During 1914 the people of Texas were swindled out of not less than one million dollars by so-called inter-insurance, to say nothing of unpaid losses. There were forty-nine exchanges holding certificates from the Department when I came into office on January 23 of this year; today there is not a certificate in force. Out of the above number there were some transacting an honest insurance business; others knew no limit to their rascality.

Evidently, both good and evil have resulted from inter-insurance. To permit business men to avail themselves of the gains from this method of insurance and to guard against at least some of the pitfalls, thirty-one states,³ most of them within the last six years, have enacted laws regulating the exchange of such contracts. It is the purpose of this paper to explain the operation of a reciprocal exchange⁴ and to discuss its methods.

¹ *Insurance Report*, Sept., 1918.

² *Reciprocal Insurance, What Is It?* A reprint of an address delivered at Monterey, California, Sept. 23, 1915, to the National Convention of Insurance Commissioners.

³ Alabama, Arizona, Arkansas, California, Colorado, Florida, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Virginia, Washington, and Wisconsin. Hawaii, Ontario, Quebec, and British Columbia, also provide for reciprocal insurance.

⁴ There are said to be about 150 exchanges in the United States.

Illustration of Reciprocal Insurance. A reciprocal or inter-insurance exchange is a place where business concerns exchange with each other contracts of indemnity against fire and lightning (or other hazard) for certain definite amounts. *A* is insured by *B*, *C*, *D*, and *E*. *B* is insured by *A*, *C*, *D*, and *E*. *C* is insured by *A*, *B*, *D*, and *E*. *D* is insured by *A*, *B*, *C*, and *E*. *E* is insured by *A*, *B*, *C*, and *D*. To make the exchange of contracts each applicant for insurance, called a subscriber, gives a power of attorney to a manager, called the attorney-in-fact, who conducts the exchange. Suppose 101 concerns are to make the exchange, each having authorized the attorney to bind it for a sum not to exceed \$1,000 on each risk. If Concern No. 1 wishes \$110,000 of insurance, it cannot be had, for there are only 100 other subscribers. It can get a \$100,000 policy. The standard fire policy of the state in which the applicant resides is written up. At the end of the policy a clause is added specifying the liability of each signer to be one one-hundredth part of the face, or \$1,000, and the signature of each of the hundred other concerns is affixed by the attorney-in-fact. If Concern No. 2 desires a policy for \$25,000, it is signed by each of the other concerns under a final paragraph stating that the liability of each is \$250. If there are 412 subscribers and each limits his liability on a single risk to \$2,000, the largest policy that can be written is 411 times \$2,000, or \$822,000; on a policy for \$25,000 the liability of each subscriber would be \$25,000 divided by 411, which is \$60.83. The amount of liability, \$100, \$250, \$500, \$750, \$1,000, \$2,000, \$2,500, or \$10,000, which a subscriber will assume on a single risk is specified in his power of attorney.

Subscriber's Agreement and Power of Attorney. It would be inconvenient for each subscriber to receive and pass on every application for insurance. Therefore each subscriber delegates the power to examine applications and sign policies to the same person, the attorney-in-fact, who is the manager of the exchange. The attorney is thus enabled to do business for all in one place at one time. The instrument which each subscriber gives him is called the "subscriber's agreement and power of attorney." The agreement and the power may be separate, but usually they are together in one document. This instrument specifies all the details of the method and prescribes the duties that may be performed for the subscriber by the attorney-in-fact. Sometimes it is short enough to go on one page of paper, size 8½ by 11 inches;

it may occupy three pages of small print on paper 8½ by 14 inches. The main features of the agreement will be stated in the succeeding paragraphs. The scope of the power of the attorney-in-fact is illustrated by the following extract from one of the shorter agreements:

To exchange indemnity with subscribers at said exchange; to make, issue, change, modify, classify, reinsure or cancel contracts therefor containing such terms, clauses, conditions, warranties and agreements, as he shall deem best and to subscribe such contracts; provided, however, that the amount exchanged for us shall in no case exceed the amount hereinafter subscribed by us; to demand, collect, receive and receipt for all moneys due us or for credit to our account as a subscriber; to give, waive or receive all notices or proofs of loss; to adjust and settle all losses and claims under such contracts or other evidences of indemnity; to perform or waive all agreements or stipulations of any such contracts; to accept or appoint any person to accept service of process; to appear for us in any suits, actions, or proceedings and bring, prosecute, defend, compromise, settle or adjust same; to execute any and all documents and perform any and all acts necessary to effect compliance under any law relating to such contracts or to the exchange of such indemnity; to perform every act not herein specially mentioned that we could ourselves do in relation to any contract hereby authorized; provided, however, that said attorney shall have no power to make us jointly liable with any other subscriber; and every liability of whatever nature he is authorized to incur for us hereunder is to be in every case several and not joint.

Premiums and Expenses. The premium which is paid in advance to the manager is nearly always the same as is charged by the stock fire insurance companies. The manager's compensation is a commission on the premiums. This commission varies according to the character of the business of each exchange. Many exchanges have it fixed at 25 per cent; a wholesale grocers' exchange operates at 20 per cent; department store exchanges get off at 15 per cent or even 10 per cent. What this compensation covers in addition to the services of the manager is illustrated by this quotation from a subscriber's agreement:

It is expressly agreed and understood that they (the managers) shall, out of said compensation, themselves defray all disbursements of every character, except losses, counsel fees, costs and expenses of lawsuits, taxes, legal assessments, expenses of fire control, fees of the advisory committee, and all expenses incident to the investment and custody of funds and securities, and of the adjustment of losses.

The manager himself pays for rent, salaries, traveling expenses, printing, supplies, etc. All premiums after expenses and

losses have been deducted, belong to the subscribers. The most successful group of inter-insurers have regularly saved for themselves 85 per cent of their premiums. Another group has returned amounts equal to 78 per cent of the premiums received. Some exchanges report savings of 50 per cent, some 25 per cent, while others have failed absolutely and produced net losses to their members.

Separate Accounts for Each Subscriber. Since the premiums are the property of the separate subscribers (every contract examined declares there are no joint funds), separate accounts with each member are necessary. Two different methods of accounting are used. *Plan One.* The premium of each subscriber is held in trust for him. Each account is credited with the premium received and with the earnings from the investment of the premium and the accumulated surplus. Each account is debited with its share of expenses and losses. The balance, if there is a credit balance, is the saving of the subscriber from the premium paid. *Plan Two.* The premium paid by a subscriber belongs *pro rata* to the other subscribers who have signed his policy. Each account is credited with its share of every premium received and with the earnings from the investment of the credit balances. Each account is debited with its proper share of expenses and losses. The credit balance, if there is one, is profit realized from the business of insuring fellow-subscribers. By this method a subscriber who carries much less insurance than his fellow-members may receive profits greater than his premiums.

Reserve against Unusual Losses. It is a common rule to require that all savings or profits be allowed to accumulate until a surplus equal to double the subscriber's risk on a single policy is provided. If the risk on each policy is \$2,500 or \$250, the surplus finally required is \$5,000 or \$500, respectively. Some agreements provide that this surplus shall grow from partial savings. One provision, for instance, reads: "not to exceed one half of our average savings shall be reserved as net surplus until such surplus shall equal the sum of one hundred dollars." After the desired amount of surplus is reached, the credit balance in excess thereof is returned each year in cash to the subscriber.

Payment of Excess Losses. If current losses are so great as to exceed the amount of current premiums and accumulated profits, what is the liability of each subscriber? Some reciprocals place no limit upon their right to assess subscribers. Some provide that

each insured shall not pay more than his annual premium on any one risk; some that he shall not pay more than one additional premium on any one risk. Such provisions still leave no limit to the liability for aggregate losses. There is a type of agreement in use, however, that attempts to restrict aggregate losses to the annual premium or deposit, by means of payments for reinsurance. The exchanges writing the largest hazards provide that in case of one fire involving several risks the insurance in force must be reduced to make the *pro rata* liability of each subscriber no more than a multiple of, say, four or five times the liability on each risk. The aggregate liability in the case of many single fires is still, as it should be, unlimited. Usually the subscriber authorizes the attorney, in the event that the surplus is insufficient to pay losses, to draw on him, and, if necessary, sue him for the amount, provided the maximum liability of the subscriber has not been reached. Sometimes the agreement calls for a flat sum to be paid on demand in case of excess losses. It is always possible to authorize the attorney to insure the subscriber against excess liability. Some of the exchanges provide regularly for the deduction of 5 per cent of the premiums to take care of this cost of reinsurance. Maximum liability is the knottiest problem of the reciprocals. Can you limit liability and still have good insurance? The proper solution is not to weaken insurance by attempting to restrict liability by contract, but to lessen losses by sound underwriting, and not assume the hazard of conflagration. Here is one such plan: "It is our policy not to write more than the equivalent of one risk limit in any one city block or square, and not to write more than the equivalent of five risk limits in any city." When maximum limits are involved the subscriber must know how many risks are about him. If his contract limits his liability on a single risk to \$1,000 and to four times that on a single fire, and there are eight other risks in that area besides himself, he is only one half insured against conflagration. If there are only four other risks in that area, he is insured to the face of his policy even if a conflagration occurs.

Withdrawal from Agreement. A subscriber can withdraw from his agreement at any time by giving due notice. Some exchanges require a ten-day notice, some five-day, and one practices a one-day notice. This does not mean that withdrawal can be effected completely within that time. The other policyholders may claim legal notice of cancellation which is five days. Obligations al-

ready incurred must be met. The agreements invariably provide that within thirty days after all obligations are fulfilled, the account shall be closed and the credit balance paid to the retiring subscriber.

Special Class Insurance. The big advantage claimed for reciprocal insurance is that it is more economical. How is it possible to insure for less than is charged by the stock companies, the best of which lead the world in insurance ability? The factory mutuals of New England proved that if only the highest class risks of one kind were studied and accepted the cost could be reduced. This idea is characteristic of the best reciprocals. The manager of a large western exchange says:

With few exceptions, reciprocal insurance is confined to the service of special classes or particular industries. It is my personal opinion that the plan of reciprocal insurance, as well as of mutual insurance, is best suited to the service of a particular industry or a particular class or classes of risks, which enables the management to become experts concerning those particular classes, and thereby able to give a specialized service, which must necessarily result in a reduced cost.

An examination of the risks of reciprocals shows them to be certain special lines such as bank buildings, steam laundries, steam bakeries, lumber mills, wholesale houses, drug stores, hotels, and department stores. An inter-insurer of hotels and drug stores says: "We write only upon buildings of brick, stone or fireproof construction and the contents therein, in towns or cities with adequate fire protection." One exchange advertises the following safeguards: "Elimination of moral hazard; wide separation of risks; rigid inspections; thorough equipment of automatic sprinklers—no exceptions." The manager of another exchange says:

The principal features that make for the success of our insurance are the following: No concern worth less than \$125,000 is eligible on account of the assessment feature; in other words, he must be strong enough financially to meet an assessment of \$20,000 without flinching, if called upon to do so (no assessments have been made for twenty years). No application is approved unless the concern is of the highest commercial standing in the community. Our inspection department is a most important adjunct and we maintain a corps of specially trained men at a very heavy expense, who do nothing but inspect our risks from the Atlantic to the Pacific four times a year. Our subscribers, who are not in business to burn, cheerfully coöperate with our efforts to minimize the fire hazard.

The writer went to a subscriber to this reciprocal and asked him

if he would show him the signatures to his insurance policy. As he read over the names of America's leading merchants, he realized the literal truth of what the attorneys had written him and began to comprehend how it had been possible for this group during twenty-five years to have a loss record of only \$536,000 and to pay back to its members a total of \$6,000,000 in cash refunds.

The Advisory Committee, or Trustees. The advisory committee is a part of every reciprocal organization. In some cases it is a real power, though in others the opponents of the method declare the members of the committee to be figureheads utilized by profiteering managers. This committee is elected by the subscribers and has three, five, or seven members. In one of the strong exchanges the following provisions apply: (1) The committee must be elected annually; (2) each member must be a person, or member of a firm, or a stockholder or officer of a corporation who is a subscriber; (3) it must have entire control of the care of all funds except the manager's commission; (4) no payments can be made from these funds except by a person or persons designated by the committee; (5) no new subscriber can be admitted without the consent of the committee; (6) any subscriber's membership can be cancelled by the committee; (7) the acts and proceedings of the attorney-in-fact are subject to regulation by the committee; (8) annual meetings of the subscribers must be called by the committee; (9) each member of the committee receives one dollar a year from each subscriber as a fee for his services. In contrast to such adequate powers to guarantee satisfactory management to the subscribers, are the terms of another agreement with reference to the advisory committee. The attorney is authorized to find out whom the subscribers desire for a committee and to appoint them; they are to serve until their successors are chosen (nothing is said as to tenure); funds are to be deposited in a bank designated by the committee; and each check must be countersigned by a member of the committee or a bank or person approved by the committee.

Objections to Reciprocal Insurance. The chief objections to reciprocal insurance have been summarized by John F. Ankerbauer⁵ who has been one of the leaders of those opposing the method. They are as follows:

1. *Subscribers do not understand the nature of their obliga-*

⁵ *Inter-insurance Information* (Cincinnati: John F. Ankerbauer. Not dated. 32 pages).

tions under the subscriber's agreement; they have little or no knowledge of the obligations incurred for them by their attorney-in-fact. This objection can be met by the subscriber's studying carefully his power of attorney, his articles of agreement, and the reports of his attorney which every agreement should require at frequent intervals. Such study should lead to care in the choice of a reciprocal.

2. *Reserves are inadequate.* This has been true of some reciprocals. An examination by a New York state examiner in 1918 of one reciprocal showed that its liabilities were in excess of its admitted assets. It is true of every exchange that fails. A prospective subscriber should shun a reciprocal unless adequate reserves as required of old-line companies are maintained. He should make sure that there is both a premium reserve and an accumulated surplus as a provision against unusual losses. He should also find out whether a sound policy for investing reserves such as is compulsory for stock companies is carefully followed. Reciprocals with no surplus or a small surplus could completely overcome that lack by requiring subscribers to deposit approved securities with a trustee. Bonds to the amount of \$100, \$500, or \$1,000 deposited by each subscriber would effectively guarantee the full payment of all losses.

3. *The subscriber does not know the identity of his fellow-subscribers who are insuring him.* Unfortunately some exchanges are doing business in such a fashion. They should be forced to change their method by lack of business. Nobody should think of taking insurance from unknowns. Great risk lies with such an exchange described by Commissioner McSwain of South Carolina⁶ as "an institution through which an indefinite number of persons unknown to each other, severally assume unknown portions of the total liability on the risks, unknown to the insurers, of all the other insurers, and at the same time become insured by unknown parties under an indefinite and constantly changing number of contracts covering changing proportions of the liability on each risk." A policy should be avoided unless it bears the signatures of those liable upon it. The better exchanges issue policies in this manner, permitting the insured to know the exact amount for which each other subscriber is liable.

4. *Some exchanges mix the business of separate industries when*

⁶ *Southern Underwriter*, July 25, 1918, p. 6.

the insurance by groups is supposed to be distinct. If steam laundries, bakeries, and hotels insure each other at the same exchange, each insuring others of the same industry only, it is a misrepresentation when the accounts of resources and liabilities are not kept entirely separate and so reported.

5. If the attorney does not settle a loss satisfactorily, suit has to be brought against too many persons in too many places. Most contracts provide that the attorney shall accept process, permitting all suits to be brought in one place. The prospect of legal trouble emphasizes the importance of dealing only with a high-class exchange composed of manager and subscribers of unquestioned responsibility and integrity. Legislation for reciprocal insurance, as pointed out below, attempts to simplify the matter of bringing suits.

6. It is beyond the power of a corporation to have such insurance unless its charter gives it permission to engage in the insurance business; if such participation is not legal, no liability can accrue. There have been some court decisions supporting this view. In one state some large concerns have withdrawn from reciprocal exchanges on account of the advice of counsel that the above objection is well taken. The position of inter-insurers is represented by the view of Charles H. Howell of Kansas City, Mo., who is general counsel for the American Reciprocal Association. In a letter to the writer (1917) he says: "No opinion by a court of final jurisdiction has ever so held. On the contrary a number of the courts have upheld the right of business corporations to so provide insurance among themselves covering their own properties." Since authorities differ it becomes necessary in each state to discover the weight of opinion and act accordingly. The uniform reciprocal law which has been adopted in so many states clears up this problem by providing expressly: "Any corporation now or hereafter organized shall, in addition to the rights, powers and franchises specified in its articles of incorporation, have full authority and power as a subscriber to exchange insurance contracts of the kind and character herein mentioned. The right to exchange such contracts is hereby declared to be incidental to the purposes for which such corporations are organized, and as fully granted as the rights and powers expressly conferred upon the corporation."⁷ It is said that the constitutionality of such a

⁷ Section 9, Ohio House Bill No. 325, 82 General Assembly, Regular Session, 1917.

blanket addition to charters of all corporations will be attacked.

7. Just as serious, in some states, as objection number 6 has been the view of some state insurance departments that *inter-insurance without a license from the state department is contrary to law*. The Insurance Commissioner of West Virginia declared in a bulletin that: "Every citizen who becomes a member of an inter-insurance association is violating the laws of this state and is liable to penalties providing for persons or corporations transacting business without complying with the laws of the state." Before the passage of the reciprocal insurance law by Virginia in 1918 agents in that state were subject to arrest. Persons who wished such insurance went to New York, Chicago, St. Louis, or Kansas City, Missouri, for it, and became parties to agreements with firms and corporations not resident in Virginia. This practice was so general in states not providing by law for reciprocal insurance, that a manager of a western exchange said that he expected to write little more insurance in a certain state after the law was passed than he had been writing before its passage.

8. *A reciprocal insurance agreement forms a partnership; liability cannot be restricted by contract, and each subscriber may be liable for the entire face of the policy.* This objection seems doomed, certainly in states where such insurance is provided for by statute, and in any other state where such a contract is not repugnant to its constitution or statutes. There seems no doubt of the limited liability if the attorney signs each policy separately for each subscriber, and specifies that the liability is several and not joint. If every subscriber has made the same kind of usual agreement, there is no partnership. Every subscriber possesses that agreement in duplicate, or has seen it, so there are no innocent third parties.

9. *The attorney-in-fact has too much intrusted to him; he is an autocrat.* There is great danger here. To safeguard against an incompetent or a dishonest manager, a strong advisory committee or board of trustees must be provided. Unsafe underwriting and insufficient inspection are to be guarded against. In practically every case the manager's compensation comes from a percentage of premiums. He is tempted to assume risks that are less good and to give the applicant the benefit of the doubt. He is less likely to yield if he realizes that, as losses increase, subscribers diminish; but the best restraining influence is to subject him to the control of the subscribers acting through a committee.

10. *The advisory committee does nothing; it trusts the attorney.* Unless the committee is annually elected by the subscribers, given authority over the managers, and paid for their services, this is a real objection. While a competent manager must have a free hand, certain exchanges have trustees who really act as a board of directors. Within the past year the manager of one exchange was retired.

Advantages of Inter-Insurance. The advantages that are claimed for reciprocal insurance are as follows:

1. *The expenses of operation are less, due to dealing with a particular class of risks, permitting specialized service, and the reduction of local commissions to a minimum.* Many exchanges have no local commissions to pay. Some exchanges operate at a low cost, but there are others that have saved little or nothing for their subscribers.

2. *All but high-class risks are eliminated.* This is true for some exchanges and untrue for others.

3. *Frequent inspections by trained inspectors.* This is a great advantage of some of the exchanges. There are others that do very little along this line.

4. *Consolidation of small policies into a large one.* If insurance is bought from stock companies it may be expedient to patronize several agencies and have a large number of small policies. Many companies will not write more than a small part of the insurance of a large concern. The insurance obtainable by the reciprocal method in one policy runs all the way from a small amount up to over one million dollars.

5. *The probable large saving.* Some people have not saved anything; others save 25 per cent to 85 per cent of their premiums.

Legislation. The sweep of legislation to favor reciprocal insurance and to control it indicates that the states recognize both the strength of the reciprocal method and the dangers of its misuse. The main features of such legislation are: (1) to require reciprocals to file copies of their agreement, powers of attorney, and contracts; (2) to make complete reports of their condition to the department of insurance; (3) to compel the maintenance of premium reserves, a minimum amount of business, and the possession at all times of such an amount of quick assets as to make certain their ability to settle at once a heavy loss; (4) to enable a suit to be brought by a claimant in his own county against the attorney, or any, or all of the subscribers by serving process upon

the state insurance commissioner who is declared to be the representative for that purpose of the attorney and each of his subscribers; and (6) to tax the business of reciprocals as other insurance is taxed.

Conclusions. A study of the methods, advantages and disadvantages of reciprocal fire insurance leads one to conclude that the principle is sound, but that such insurance is neither incompetence-proof nor crook-proof. In theory the attorney-manager is the agent of his principal, the subscriber. That is proving to be the soundest practice. The attorney ought to be subject to control by the subscribers. Just as directors are a real force in the management of a bank or insurance company, so the advisory committee ought to be in a position, if need be, to assert its authority over the attorney. It seems contrary to good principle for an agreement to read as one did: "Neither the subscriber or subscribers, has, have, or shall have, any ownership or property interest in or to the business, plan of business, system of indemnity insurance, office or office property of the attorney-in-fact, or any property right in or to said exchange." The manager must be a successful underwriter and a man above reproach, committed to the welfare of his principals, rather than a self-seeking adventurer. All but high-class risks must be eliminated, and rigid, frequent inspection must be enforced. For people who intend to adopt every means of preventing fire, who themselves constitute no moral hazard, whose commercial integrity is the highest, whose several properties are widely scattered, but whose interests draw them so closely together that they have knowledge of each other's integrity, there is a profitable field for reciprocal insurance. For other people the range of liability is so great that the value of the plan is doubtful. *The business man must proceed as carefully in its use as if he were buying stock in a corporation or extending a line of credit.* Instead of getting insurance he may increase his liabilities. Rockefeller's success in oil does not foreordain the success of every oil project. But reciprocal fire insurance wisely conducted excites enthusiastic admiration.

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COMMUNICATIONS

FLEXIBILITY CLAUSES IN AGREEMENTS IN THE PRINTING INDUSTRY. In her article on "American Minimum Wage Laws at Work," published in the *AMERICAN ECONOMIC REVIEW* for December, 1919, Dorothy W. Douglas points out that "during a period of rapidly changing prices such as we have had ever since our American wage laws went into effect it takes a very short time for a rate to become antiquated." In this article Mrs. Douglas offers the very valuable suggestion that for specific periods of a year or so the minimum wage commissions be given *ad interim* power to revise existing rates, which could be done in accordance with the cost of living index numbers issued by the United States Bureau of Labor Statistics.

In this connection it is interesting to note the introduction of flexibility clauses in a number of collective agreements in the printing industry. This effort to stabilize contracts is in accordance with the labor policies adopted by the Joint Industrial Conference Council, which represents employers' associations, closed shop divisions, and employers in the allied printing trades unions. The cardinal points of this labor policy include the following statements:

1. That the industry frankly recognize the cost of living as compared to 1914, as the basic factor in wage adjustments.
2. Industry to pay at least a reasonable living wage; scales below this to be adjusted in frank recognition of the basic principle involved.
3. That, when not in conflict with the existing laws of a constituent body, local contracts be for a period not less than three years, and include a clause providing for annual readjustments of wages based upon cost of living, as determined by authorities jointly agreed upon (and upon the economic conditions of the industry at the time of readjustment).

Three such clauses providing for changes in the wage scale in conformity with the cost of living in particular or business conditions in general may be noted.

An agreement now in force between the Memphis Typographical Union (No. 11) and the Employing Printers' Committee includes such a clause, which, however, does not stipulate the definite period of the change. Following is the clause:

It is agreed that should any radical change in business conditions or the cost of living occur during the life of this Agreement after two years from its signature, either side may open discussion as to a revision of same; provided, said Agreement shall remain in full force and effect unless a change is mutually agreed to.

A clause in the agreement between the Franklin Typothetae of Chicago and the local unions determines a six-month period:

Unless it can be shown by the cost of living figures of the United States Department of Labor, Bureau of Statistics, that during the six months period from the date this contract is effected and at intervals of six months thereafter, the cost of living has increased 5 per cent or more, then and then only shall the officers of the Unions herein represented, have the right to ask for a further readjustment of the wage scales herein set forth, provided, that the percentage of increase shall apply only to the 1914 scales, the same basis as has been used to work out present scales, as embodied in this agreement, and further provided, that should the cost of living for one of the six months periods decrease by an amount equal to or exceeding the increases, then any increases above the amount now granted in this agreement may be decreased in the same proportion, provided that no figures shall reduce the scales below those set forth in this agreement.

Finally, a clause contained in the existing agreement between the Typographical Union and the local Typothetae of Tacoma arranges for quarterly readjustments:

It is hereby agreed between the undersigned that the scale of wages heretofore existing under a certain contract entered into by us on December 23, 1914, is to be as follows:

1st. That the scale of wages from and after this date is to be based on the comparative average retail prices of the principal articles of food as compiled by the United States Department of Labor as published in the *Monthly Labor Review*.

2nd. That up to June 30, 1919, the scale of wages is to be \$6.50 for floormen per day of eight hours and \$7.50 for machinist operators and \$7.00 for caster men per day of seven hours based on the prices set forth for the City of Seattle, Wash. for December 15, 1918, as published on page 100 of the *Monthly Labor Review* for February, 1919.

3rd. That said scale of wages is to be automatically increased or decreased without further conference beginning with the first Saturdays of January, April, July, and October, in the same percentum as the average prices have increased or decreased as shown by the most recent issue available of the said *Monthly Labor Review*, provided that said increase or decrease shall be made in multiples of 5 per cent using that multiple that comes nearest to the percentum of change in the aforesaid prices.

4th. Should the prices published in the said *Monthly Labor Review* fail to include the City of Seattle, then those for the next nearest city to Tacoma that are shown shall be used.

5th. Should the Department of Labor make a change in their standard list of principal articles of food, only such items as appear in the new list shall be used, as also appear in the list heretofore mentioned.

6th. That this agreement is to be retroactive to January 1st.

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THE COMPUTATION OF LABOR TURNOVER: A REJOINDER

In the December REVIEW,¹ Professor H. G. Hayes criticizes in certain respects the method of computing labor turnover which I proposed in the issue of June, 1919.² It may be remembered that in computing the percentage of labor turnover I advocated using the average number on the payroll rather than the average daily attendance as the divisor, and the number of replacements rather than the number of separations as the dividend. Professor Hayes agrees with me on the preferability of the number on the payroll as the divisor but favors separations instead of replacements as the dividend.

It should be borne in mind that when the working force is constant there is no difference between replacements and separations. All the men who leave are replaced and the size of the working force remains the same. Likewise in the period when the working force is increasing, there is no practical difference between the two. More men are being hired than are leaving, but it is only to the extent that men are leaving that replacements occur. The net difference between the hirings and the leavings constitutes the increase in the level of the working force. In this case as well, therefore, separations measure replacements. The real difference between the two methods occurs in the case of a decreasing working force where more men are leaving than are being hired. Here separations include the net decrease in the level of the working force, while replacements do not.

Professor Hayes holds that this net decrease in the size of the working force should be counted as "turnover." He apparently favors the use of separations because he believes that what "the public is most interested in is the degree to which employment is continuous, that is, the degree of stability of the working force" and also because he believes that it will "reflect the pathological condition of the business which makes the decrease in the working force advisable."

The use of this method, however, does not distinguish between (1) the number of men that must be hired to maintain a working force at a given level and (2) a decrease in that level. Separations as used by Professor Hayes include both of these factors. Yet the two are plainly very different and the causes and cost of each differ widely. Separations caused by a reduction in the working force due to a falling off in business are plainly of a different nature from the ordinary separations caused either by men leaving or by men being discharged on account of unsatisfactory service and whose places are soon filled by

¹ THE AMERICAN ECONOMIC REVIEW, vol. IX (December, 1919), p. 203.

² *Ibid.*, vol. IX (June, 1919), p. 402.

other workers, with no change in the size of the working force itself. Separations, moreover, do not involve as much future cost as do replacements. The hiring of the new man results in an expense of instruction, decreased production, breakage, damage, and delay while he is being trained for his job. Separations that are not replacements do not involve this expense. To be sure a net decrease in the size of the working force may render part of the machinery and equipment idle and thus involve a cost; but, if the force is being decreased because of a business policy, these costs have been supposedly weighed and found to be less than the savings effected by reducing the staff. Both in their origin and in their consequences, therefore, replacements to maintain a force and a net decrease in that force differ widely; yet Professor Hayes includes them both under the one term "turnover."

Now the replacements method does distinguish between these two factors. It measures only the number hired to maintain a work force at a given level. It does not include a change in that level, in the form either of an increase or a decrease. Such a change of level can be better measured separately by comparing the number on the payroll at regular intervals. In the case of a decreasing working force, the net decrease and the amount of turnover combined would show the stability of the employment with which, as Professor Hayes rightly observes, the public is concerned.

The use of the simple net decrease in this form would show "the pathological conditions of the business" far better than the separations index which is net decrease plus replacements.

Furthermore, in the case of an increase in the working force, the change of level index would show the growth of the business and incidentally would throw some light upon the extra cost involved in training the net additions to the force. Professor Hayes seems to agree that the increase in the working force should be distinguished from turnover. Should he not logically also agree that decreases in the working force should be distinguished from turnover?

In brief, the method that I advocate attempts to avoid using the term "turnover" as a blanket phrase to include diverse features, and separates the problem into its constituent elements. It distinguishes between: (1) absenteeism, or absence from the job at which one is employed, (2) the number required to be hired in order to maintain a given working force at a constant level, which I regard as turnover proper, (3) a change in the level of a given force, which we may term a "change of level index."

It is my belief that it is better to compute each of the factors sepa-

rately and then later, if we wish, compare or combine them. Nothing is gained, however, by trying to make one formula so broad as to lump together three different elements without distinguishing between them. If the progress of science means anything it means the constant development of finer methods of measurement so that problems may be broken up into their constituent parts and these parts then analyzed and measured. Professor Hayes agrees with me that, in order to differentiate between absenteeism and turnover, the total on the payroll should be used as the divisor instead of the average daily attendance. Should he not also logically agree that, in order to differentiate between the maintenance of a given level and changes in that level, replacements and not separations should be used as the dividend?

It may be objected that, in thus reducing what the United States Bureau of Labor Statistics terms "turnover" to three different elements, what I call "turnover"—namely, the maintenance of the working force at a given level—is not "turnover" at all but should rather be termed "labor maintenance." This is quite possible. Names do not matter appreciably. What does matter, however, is that different phenomena should be identified and measured separately and not thrown loosely together with no attempt at differentiation.

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REVIEWS AND NEW BOOKS

General Works, Theory and Its History

NEW BOOKS

BARNICH, G. *Principes de politique positive d'après Solvay*. (Brussels: Office de Publicité, Lebegue & Cie. 1919. Pp. 171.)

BULLOCK, C. J. *The elements of economics*. Third edition. (Boston: Silver, Burdett & Co. 1919. Pp. vii, 406.)

Published in 1905, this text has now (1919) passed into a third edition. Some new material, particularly in chapter 13 on the labor problem, has been introduced.

CARLTON, F. T. *Elementary economics. An introduction to the study of economics and sociology*. (New York: Macmillan. 1920.)

ELLWOOD, C. A. *The social problem: a reconstructive analysis*. New edition, revised with new matter. (New York: Macmillan. 1919. \$1.50.)

FIGOU, A. C. *The economics of welfare*. (London: Macmillan. 1920.)

ROBERTS, G. E. *The distribution of wealth*. (New York: National City Bank of New York. 1919. Pp. 16.)

ROBINSON, C. E. *New fallacies of Midas. A survey of industrial and economic problems*. (New York: McBride. 1919. Pp. xxiii, 294. \$2.)

A stimulating volume, holding a midway position between the traditional textbook in economics and the propagandist of a special reform. "An attempt to explain the main principles of industrial, social, and economic theory in language clear to the lay reader: to trace the development and test the practical uses of the three rival claims put forward by the socialist, the syndicalist and the individualist: and finally to show that without the combined application of each ideal there can be no permanent progress towards the goal of universal happiness." In conclusion, as pointing the way to future evolutionary movement, the author prophesies that with the advance of science a larger and larger proportion of the world's production will be effected by machines. The mass of unskilled workers will be absorbed into the ranks of skilled or semi-skilled labor. "The time may come when it is more difficult to find a man to sweep a crossing or clean out a drain than to mind a spinner or a printing press." This will be accompanied by a reappraisal of values of different human services. The volume is introduced with a chapter by Sir George Paish.

SMITH, A. *An inquiry into the nature and causes of the wealth of nations*. (London: Methuen. 1919. Two volumes. £1. 5s.)

TRUCHY, H. *Cours d'économie politique*. (Paris: Librairie de la Société du Recueil Sirey. 1919. Pp. 458. 14 fr.)

Economic History and Geography

NEW BOOKS

AYRES, L. P. *The war with Germany; a statistical summary.* (Washington: Supt. Docs. 1919. Pp. 154.)

BABSON, R. W. *W. B. Wilson, first Secretary of Labor.* (New York: The Public, 70 Fifth Ave. 1919. \$2.)

BARKER, J. E. *Modern Germany: its rise, growth, downfall and future.* (New York: Dutton. 1919. Pp. ix, 496. \$6.)

The title-page of this book, which has gained great popularity, wrongly states that the sixth edition is "entirely rewritten and greatly enlarged." Only a few of the chapters are new and the size is reduced from 844 to 496 pages.

Although the individual chapters are, generally speaking, reprints of articles that appeared in English reviews, they may be put into two groups, those that deal with political Germany and those that treat of economic Germany. Political Germany is condemned with all the fervor of wartime days. Economic Germany is praised as in pre-war days. Accordingly it is not far wrong to say that the book was written not so much to inform readers about Germany as to prejudice them in favor of or against German practices. The economic chapters are brought down nearer to date than in the last edition, the statistics of the year 1913 being added to several tables. The intent in these chapters is largely to persuade Englishmen to reform conditions at home, with German successes in mind. This is true notably in the chapters on German agriculture and German railroads. In his treatment of shipbuilding, the author shows himself to be a believer in the efficacy of imperial mercantile policy. He seems to forget that Germany's success was due, in large measure, to her industrial revolution, the indispensable preparation for the task. The absence of a chapter on Germany's banking system, the keystone of the German economic arch, is difficult to understand, when one remembers the part that it has played in industrial and commercial development.

N. S. B. GRAS.

BARNETT, H. O. R. *Canon Barnett, warden of the first University Settlement, Toynbee Hall, Whitechapel, London; his life work and friends; by his wife.* (Boston: Houghton Mifflin. 1919. Pp. xxiv, 392; xii, 415. \$8.)

BELL, H. T. M. and WOODHEAD, H. G. W. *The China year book, 1919-1920; with a map of Mongolia.* (New York: Dutton. 1920. Pp. xx, 762. \$8.)

BOWDEN, W. *The rise of the great manufacturers in England, 1760-1790.* (Allentown, Pa.: H. R. Haas & Co. 1919. Pp. vii, 95.)

BULLITT, W. C. *The Bullitt mission to Russia. Testimony before the Committee on Foreign Relations, United States Senate, of W. C. Bullitt.* (New York: Huebsch. 1919. Pp. 151. 50c.)

- CLARK, A. *The working life of women in the seventeenth century.* Studies in economics and political science, no. 56, in the series of monographs by writers connected with the London School of Economics and Political Science. (London: Routledge. 1919. Pp. 335. 10s. 6d.)
- COLBY, F. M., editor. *New international year book. A compendium of the world's progress for the year 1918.* (New York: Dodd, Mead. 1919. Pp. 791.)
- CORWIN, E. S. *John Marshall and the constitution; a chronicle of the Supreme Court.* Chronicles of America series. (New Haven, Conn.: Yale Univ. Press. 1919. Pp. ix, 242.)
- CUVILLIER, A. *Un journal d'ouvriers: l'atelier, 1840-1850.* (Paris: Alcan. 1919.)
- DANNENBERG, K. *The revolution in Germany; a study including separate essays.* (New York: Radical Review Pub. Assoc. 1919.)
- DOBBS, A. E. *Education and social movements, 1700-1850.* (New York: Longmans, Green. 1919. Pp. xiv, 258. \$3.50.)
- DORCHESTER, D., JR. *Bolshevism and social revolt.* (New York: Abingdon Press. 1919. Pp. 124. 75c.)
- GUENEAU, L. *L'organisation du travail (industrie et commerce) à Nevers aux XVII^e et XVIII^e siècles, 1660-1790.* (Paris: Hachette. 1919. Pp. xv, 634.)
- HAILEY, C. P. and LLOYD, D. W. *Business prospects year book, 1919.* (Cardiff: Business Statistics Co. 1919. Pp. 262. 10s.)
- HERZOG, S. *Le plan de guerre commerciale de l'Allemagne.* Preface and translation by A. DE TARLÉ. Introduction by MESSRS. HOOVER, KELLOGG, and WALCOTT of the United States Food Administration. (Paris: Payot. 1919.)
- HICKEY, M. J., editor. *Bolshevism self-defined and self-convicted. A collection of official decrees (translated from the Russian) together with a statement and analytical summary of its "functions and objects."* (New York: National Association of Manufacturers. 1919. Pp. 29.)
- HOLMES, W. H. *Handbook of aboriginal American antiquities. Part I, Introductory, The lithic industries.* (Washington: Smithsonian Institution, Bureau of American Ethnology. 1919. Pp. xvii, 380.)
- HULL, A. M. *Coal men of America, a bibliographical and historical review of the world's greatest industry.* (Chicago: Retail Coalman. 1918. Pp. 506.)
- HUSSLEIN, J. *Democratic industry. A practical study in social history.* (New York: P. J. Kenedy & Sons. 1919. Pp. ix, 362. \$1.50.)
- KEYNES, J. M. *Economic consequences of the peace.* (London: Macmillan. 1919.)

- LEBON, A. *Problèmes économiques nés de la guerre*. (Paris: Payot. 1919. 5 fr.)
- LOMONOSSOFF, G. U. *Memoirs of the Russian revolution*. Translated by D. H. DUBROWSKY and R. T. WILLIAMS. (New York: Rand School of Social Science. 1919. Pp. 87. 35c.)
- MAHONEY, C. K. *Social evolution and the development of religion*. (New York: Methodist Book Concern. 1919. \$1.)
- MCGRANE, R. C., editor. *The correspondence of Nicholas Biddle dealing with national affairs, 1807-1844*. (Boston: Houghton Mifflin. 1919. Pp. xiii, 365. \$6.)
- MARRIOTT, J. A. R. *The right to work; an easy introductory to the economic history of the French Revolution of 1848*. (New York: Oxford Univ. Press. 1919. Pp. 97. 75c.)
- MIDDLETON, P. H. *Industrial Mexico: 1919 facts and figures*. (New York: Dodd, Mead. 1919. Pp. xiii, 270. \$2.)
- MOORE, F. F. *Siberia today*. (New York: Appleton. 1919. \$2.)
- MORELAND, W. H. *India at the death of Akbar: an economic study*. (London: Macmillan. 1919.)
- MORTON, R. L. *The negro in Virginia politics, 1865-1902*. (Charlottesville, Va. 1919. Pp. 199.)
- PRATO, G. *Riflessi storici della economia di guerra, 1919*. (Bari, Italy: Gius. Laterza & Figli. 1919. Pp. 227.)

By his competence in historical research and his powers of lucid, fluent writing, Prato has won for himself an important place among contemporary economic historians. The present work (consisting of occasional essays contributed to Italian journals during the war, particularly the *Riforma Sociale*), though it has naturally offered but limited scope for minute and detailed research, yet is the fruit of mature scholarship. The author has made no attempt to revise his papers for publication as a book, but no serious harm has come of the omission.

Of the four chief essays, the longest deals with a comparison of the acts of invaders during former wars and the late war. Such matters as trade (even between the warring countries), the administration of the invaded country's laws, the collection of taxes, the treatment of hostages, are selected for discussion, with a general result that can be guessed. This essay, none the less, is suggestive and illuminating, the forerunner, one may hope and indeed expect, of comprehensive studies which the war itself will have provoked. The second essay is probably of more general interest to historical economists than any of the others. Taking its departure from the "Mitteleuropa" discussions revived and promoted during the war, it recalls the deep interest manifested by Italian writers in economic union with Germany during the Zollverein period preceding 1848. Carlo Cattaneo in that epoch was the leading member of a group

which hoped for an Italo-German economic accord, and Petitti di Roreto was representative of another group which sought to utilize the development of Italo-German railway connections for binding closely together Italy and the Zollverein (but shutting out Austria) in the service of economic aims. Prato recognizes the community of economic interest which inspired the ideas of the writers before 1848 and holds that it still exists and will be potent in reopening and developing trade with Germany in the years now ahead. There is nothing, he believes, which can be substituted for this economic bond.

The next essay is a protest against those extreme Nationalists who, to develop Italian industry, would bar her gates to foreign goods and capital. Italy, as a poor nation, cannot afford such political luxuries. The last principal essay effectively calls attention to a widespread wasteful consumption of wealth by the new classes that have attained either high profits or high wages during the war. Unaccustomed to save, these classes, by their action, are but opening the way, the author holds, to new privations.

Like all of Prato's work, this volume is abundantly and valuably supplied with bibliographical footnotes, and the references are, in considerable part, to a literature insufficiently known in this country.

ROBERT F. FOERSTER.

RICHTER, M. *Die thüringische Industrie, ihre Stellung in der deutschen Volkswirtschaft und ihre Beziehungen zum Weltmarkt.* (Davos, Switzerland: Erfurt. 1919.)

ROSS, E. D. *The liberal republican movement.* (New York: Holt. 1919. Pp. xi, 267. \$1.80.)

Refers to the greenback and tariff reform movements.

SCHNEIDERMAN, H., editor. *The American Jewish year book.* Vol. 21. (Philadelphia: Jewish Publication Society of America. 1919. Pp. 894. \$3.)

SELLEY, E. *Village trade unions in two centuries.* (London: Allen & Unwin. 1919. 3s.)

TIMEHRI. *Journal of the Royal Agricultural and Commercial Society of British Guiana.* Vol. VI. Third series. (Demerara: Argosy Co. 1919. Pp. 224. 5s.)

VISHER, S. S. *The geography of South Dakota: a detailed discussion of the surface, resources, climate, plants, animals and human geography, including a history of the area; a study in regional geography.* (Vermillion: Univ. S. Dak. 1919. Pp. 189.)

WILLIAMS, A. R. and others. *Lenin. The man and his work.* (New York: Scott & Seltzer. 1919. \$1.50.)

Annuaire général de la France et de l'étranger, 1919. (Paris: 101 rue du Bac. 1919. Pp. 1220.)

Atlas America Latina. (New York: General Drafting Co., 9 Church St. 1919.)

The Fitch papers; correspondence and documents during Thomas Fitch's governorship of the colony of Connecticut, 1754-1766. Vol. I, 1754-1758. (Hartford, Conn.: Historical Society. 1919. Pp. 450. \$3.)

Industrial reconstruction problems; complete report of the proceedings of the national conference, March 18-21, 1919. (Chicago: Soc. Indus. Engrs. 1919. Pp. 197. \$2.)

Roumania. Ministère de l'Industrie et du Commerce. Correspondence économique. Organe officiel. (Bucharest. 1919. Pp. 56.)

Roumania. Some details regarding its history, growth, system of government, financial resources, etc. (London: Bank of Roumania. 1919. Pp. 15.)

Scandinavia and its trade opportunities. (Boston: National Shawmut Bank. 1919. Pp. 14.)

South America; an annotated list of the best available books. (New York: Methodist Book Concern. 1919. Pp. 10. 50c.)

Wirtschaftsstatistische Materialien über Deutsch Oesterreich. (Vienna. Niederösterreichischer Handels-und Gewebekammer. 1919.)

Agriculture, Mining, Forestry, and Fisheries

NEW BOOKS

BORCHT, VAN DER, editor. *Die Bodenreform. Ihre Ziele und ihre Wirkungen.* (Berlin: Heymann. 1919. Pp. viii, 507. 10 M.)

BOSWORTH, T. O. *The geology of the mid-continent oil fields.* (New York: Macmillan. 1919. \$2.)

BULLER, A. H. R. *Essays on wheat.* (New York: Macmillan. 1919. \$2.25.)

BUSTAMANTE, M. *El petróleo en la República Mexicana: estudio geológico económico sobre los yacimientos petrolíferos Mexicanos.* Part I. (Mexico City: Inst. Geol. de Mexico. 1918. Pp. iv, 216.)

CAZIOT, P. *Une solution du problème agraire. La terre à la famille paysanne.* (Paris: Payot. 1919. 3 fr.)

CLARK, M. B., compiler. *Preliminary report on the mineral resources of the United States in 1918.* (Washington: U. S. Geological Survey. 1919. Pp. 106.)

CLARK, W. B. *The geography of Maryland. Maryland geological survey, vol. 10, 1918.* (Baltimore: Johns Hopkins Press. 1919. Pp. 41-167.)

DAVENPORT, E. *Wanted; a national policy in agriculture.* (Urbana: University of Illinois. 1919. Pp. 28.)

EASTON, H. E. *Some particulars of the Durham, California, community land settlement.* (Sydney, N. S. W.: Author, 7 O'Connell St. 1919. Pp. 7.)

GOLDENWEISER, E. A. *A survey of the fertilizer industry.* Department of Agriculture bull. 798. (Washington: Supt. Docs. 1919. Pp. 29. 10c.)

LESHER, C. E. *Coal in 1917. Part A, Production.* U. S. Geological Survey. Mineral resources of the United States, 1917, pt. 2, no. 32. (Washington: Supt. Docs. 1919. Pp. 903-1049.)

MCBETH, R. S. *Oil; the new monarch of motion, an unbiased presentation of the whole oil industry. Written especially for the investor who desires the facts.* (New York: Markets Pub. Corp. 1919. Pp. x, 210.)

NORTHROP, J. D. *Natural gas and natural-gas gasoline in 1917.* U. S. Geological Survey. Mineral resources of the United States, 1917, pt. 2, no. 33. (Washington: Supt. Docs. 1919. Pp. 1051-1136.)

SAMUEL, A. M. *The herring: its effect on the history of Britain.* (London: Murray. 1918. Pp. xx, 199.)

SMITH, G. O., editor. *The strategy of minerals. A study of the mineral factor in the world position of America in war and in peace.* (New York: Appleton. 1919. Pp. xx, 372. \$2.50.)

This is one of a series of a dozen or more volumes on the "Problems of War and of Reconstruction." The thirteen chapters are contributed by various men, chiefly by authorities connected with the United States Geological Survey. The position of the United States both as to resources and as to the production of the principal minerals is fully discussed. Emphasis is laid on the varied uses of these minerals in war and in peace. The war measures of the United States are discussed, so far as these apply to minerals. Scattered through the book are suggestions as to the future commercial policy of the country as applied to minerals. For example, in chapter XI, it is urged that because the United States is the greatest storehouse of minerals in the world, our attitude should be that of stewardship rather than that of absolute ownership. "To withhold our mineral supplies from the rest of the world would be to lay the foundation of future wars, but to send these necessities of civilization to other countries in forms as nearly ready for use as possible will support the largest and most diversified industry at home and make most strongly for national growth and prosperity." No suggestion is given as to concrete measures by which this policy may be made effective. The editor of the volume is of the opinion that protection will be needed for some of the new industries that have been established during the war period. As to the problem of industrial relations he says: "The partnership must be on more equitable terms; the profits must be more widely distributed; success must be measured by a different yardstick." The book contains chapters on

Mineral Fuels, Power Production, Iron and its Associates, Copper, Lead and Zinc, Minor Metals, Minerals in the Chemical Industries, and the Position of the United States among the Nations. It brings out clearly the position of this country as a producer of the principal minerals. Tables, maps, and other data give ample illustration of the subject-matter. The volume is well indexed.

ISAAC LIPPINCOTT.

SMITH, W. W. *Pork production in North America*. (New York: Macmillan. 1919.)

TAYLOR, H. C. *Agricultural economics*. (New York: Macmillan. 1919. Pp. x, 439. \$2.50.)

WHITE, J. *Power in Alberta: water, coal, and natural gas*. (Ottawa: Commission of Conservation. 1919. Pp. 32.)

Army Agricultural Committee report. (London: Wyman. 1919. 3d.)

Contributions to economic geology. Part I, Metals and nonmetals except fuels. U. S. Geological Survey, bull. 690. (Washington: Supt. Docs. 1919. Pp. 147.)

The fabric of civilization; a short survey of the cotton industry in the United States. (New York: Guaranty Trust Co. 1919. Pp. 62.)

Facts for farmers; a selected list of books and pamphlets on agriculture, horticulture and animal husbandry. (Los Angeles: Los Angeles Public Library. 1919. Pp. 43.)

Food conditions in Germany. Report with memorandum on agricultural conditions in Germany and statistics. (London: King. 1919. 6d.)

Great Britain Coal Industry Commission reports. (New York: Nation Press. 1919. Pp. 63. 25c.)

The mineral industry; its statistics, technology, and trade during 1918. Vol. 27. (New York: McGraw-Hill; London: Hill Pub. Co. 1919. Pp. xix, 927.)

National conference on game and wild life conservation. (Ottawa: Commission of Conservation. 1919. Pp. 183.)

Ninth annual report by the director of the Bureau of Mines. (Washington: Supt. Docs. 1919. Pp. 120.)

Preliminary report on the mineral resources of the United States, in 1918. U. S. Geological Survey. (Washington: Supt. Docs. 1919. Pp. 106.)

Prices of coal and coke, 1913-1918. U. S. Geological Survey. (Washington: Supt. Docs. 1919. Pp. 101.)

Royal Commission on Agriculture. Minutes of evidence. Vol. 1, August 5-20, 1919. (London: Wyman. 1919. 1s. 9d.)

South Wales coal annual, 1919. Vol. 16. (Cardiff: Business Statistics. 1919. Pp. xxi, 402. 12s. 6d.)

Tenth annual report of the Commission of Conservation of Canada. (Ottawa: Commission of Conservation. 1919. Pp. 278.)

Manufacturing Industries

NEW BOOKS

BUTLER, J. G. *Fifty years of iron and steel.* (Cleveland: Penton Pub. 1919.)

LABRY, R. *La laine et les tissus de laine en Russie.* (Paris: Ficker. 1919. 1 fr.)

LESHER, C. E. and THOM, W. T., JR. *Coke and by-products in 1916 and 1917.* U. S. Geological Survey. Mineral resources of the United States, 1917, pt. 2, no. 34. (Washington: Supt. Docs. 1919. Pp. 1137-1202.)

NUTTING, W. *Early American ironwork.* (Saugus, Mass.: Wallace Nutting, Inc. 1919. Pp. 24.)

PARTINGTON, J. R. *The alkali industry.* (New York: Van Nostrand. 1919. Pp. xvi, 304. \$3.)

RIPLEY, C. M. *Romance of a great factory.* (Schenectady, N. Y.: Gazette Press. 1919. Pp. 204.)

Describes the General Electric Company at Schenectady, New York.

Economics of the construction industry. U. S. Department of Labor, Information and Education Service, Division of Public Works and Construction Development. (Washington: Supt. Docs. 1919. Pp. 263.)

The furniture industry. (New York: Merchants Assoc. of N. Y. 1919. Pp. 66.)

Transportation and Communication

Efficient Railway Operation. By HENRY S. HAINES. (New York: The Macmillan Company. 1919. Pp. xiii, 709.)

This latest volume from the pen of Henry S. Haines carries an ambitious title, and its more than 700 pages will lead the reader to high expectations. If of an engineering turn of mind, he will not be disappointed. To the general reader the title will seem too broad, even in the light of the author's warning that the volume is devoted to operation, and "does not discuss matters of finance, or rates or labor questions." Yet what problem in operation is not closely connected with the human, or labor, equation? The more careful student will find it difficult to utilize some of the statistical

material scattered through the book and its voluminous appendices.

An interesting chapter on wartime operation is included. In general, the author describes the historical evolution of the particular factor of transportation, compares it with methods abroad, and discusses possible developments.

Although the book contains much of interest and value, the reviewer's general impression is that it represents the result of bringing together, often in disconnected fashion, material collected over a period of years. As already indicated, the title does not reflect the nature of the volume, while the same is often true of chapter or section headings. There is some repetition, much of the material is old, and there are many errors.

Take, for example, the author's claims for the statistics in the volume. His preface refers to the "very complete tables of statistics" in the appendices, and to the bringing down of information to the "present year." Although the preface is dated June, 1918, (the publisher's date line being April, 1919), few of the statistics presented in the appendices are later than the year 1914, and some of the data scattered through the text are of an even earlier date.

Arrangement of material is poor at times, and the headings are inadequate. For example, there are discussions on pages 286, 293, and 318, under different headings, of the elements entering into a good passenger station. Again, it is a question whether some of the material in chapter 2 would not appear to better advantage in chapter 6. Faulty arrangement is shown also in some of the statistical tables. There is nothing to show what year is covered by the 25-page table of "special statistics" beginning on page 618, although it appears to be 1914.

As an example of the peculiar reasoning employed at times, the reader is referred to the paragraph on pages 23 to 24, which undertakes to compute the value of the greater efficiency of railway transportation as compared with that of carriage by draft animals. Aside from the fact that the average railway haul per ton is brought into relation with an entirely different unit, the average speed of a draft animal per day, the deductions do not follow from the premises.

Again, Mr. Haines states on page 467 that the board of directors of a railway should determine the rates to be charged for transportation service, also the rates of pay and working conditions of employees. This doctrine runs counter to established

railway policy, and it is difficult to conceive how it can be acceptable to many.

The following instances of statistical and other errors are typical. The central paragraph on page 13 gives statistics of early railway mileage, but the table of mileage increases immediately following seems to be based on figures in a footnote. Half the percentages of increase are incorrect, that for 1870-1880 being given as 43 when it should have been 76 per cent. Both sets of mileage figures on page 13 vary from those of the appendix table on page 495. On page 397, after stating that the first extensive automatic-signal block system was installed in 1891, the author continues: "The next installation was on the Chicago & Alton Railroad in 1879." This is probably a misprint for 1897.

The author states on page 461 that ton miles and passenger miles are not recognized as transportation units elsewhere than in the United States. This statement is only partially correct. These units are not utilized in Great Britain, but they do appear in the official railway statistics of a number of foreign countries, such as Austria, Canada, France, Germany.

Page 32 states that electric traction has superseded steam on less than 700 miles of line in the United States, yet the appendix table on page 498 lists a total of 1,906 miles of standard railway line electrified up to 1915. One suspects that the text on page 32 was written several years earlier than the table, and was never revised.

The last chapter offers some good suggestions for efficient organization, use of statistics, and the like. But the reader must rearrange, assimilate, and test the statements and arguments as he goes along. The final section of the volume is a rather inadequate review of America's contribution to railway development.

JULIUS H. PARMELEE.

Washington, D. C.

NEW BOOKS

BLOCH, M. R. *Questions de chemins de fer.* (Paris: Hennerlé et Cie. 1919.)

BOUBLIKOFF, A. A. *The necessity for Russo-American coöperation in Russian railway construction.* (New York: Youraveta Home & Foreign Trade Co. 1919. Pp. 12.)

CUYLER, T. DEW. *How should the railroads be returned?* (Philadelphia: Am. Acad. Soc. & Pol. Sci. 1919. Pp. 12.)

- EMERSON, H. *Railroad piece rates*. (New York: The Emerson Co., 30 Church St. 1919. Pp. 10.)
- HUEBNER, G. G. *Ocean steamship traffic management*. (New York: Appleton. 1919. \$3.)
- LOVETT, R. S. *Railroad legislation as developed up to date*. (New York: Author, 120 Broadway. 1919. Pp. 24.)
- OGILVIE, P. M. *International waterways*. (New York: Macmillan. 1919. \$3.)
- SULLIVAN, W. W. *Accomplishments of the military railways*. (Washington: Railway Accounting Officers Assoc. 1919. Pp. 17.)
- Decisions of the Interstate Commerce Commission of the United States, December, 1918, to April, 1919*. Vol. 52. (Washington: Supt. Docs. 1919. \$1.50.)
- Labor's plan for government ownership and democracy in the operation of the railroads*. (New York: Plumb Plan League. 1919. Pp. 32.)
- New York and New Jersey Port and Harbor Development Commission. Progress report*. (Albany. 1919. Pp. 216.)
- The Russian government's plan of future railroad construction*. (New York: Youroveta Home & Foreign Trade Co. 1919. Pp. 101.)
- Thirty-third annual report of the Interstate Commerce Commission, December 1, 1919*. (Washington. 1919. 35c.)
- Your street car service. A statement of the facts about the situation of the New York Railways Company*. (New York: N. Y. Rys. Co. 1919. Pp. 37.)

Trade, Commerce, and Commercial Crises

Resale Price Maintenance. By CLAUDIUS TEMPLE MURCHISON. Columbia University Studies in History, Economics, and Public Law, vol. LXXXII, no. 2. (New York: Longmans, Green and Company. 1919. Pp. 202. \$1.50.)

To tackle the subject of price maintenance with its ramifications into economic theory or into marketing is not a small task, as the reviewer has demonstrated by his own small experience. A student is confronted by a mass of conflicting testimony from which he must extract a grain of truth. Price maintenance is essentially a marketing problem and the student must know marketing systems and exercise much judgment in order to appraise the facts, the near facts, and the assertions which are presented to him by interested individuals. Dr. Murchison lays the foundation for discussion of price maintenance in the two chapters upon marketing:

The Organization of the Market, and Irregularities of the Present Retailing System. Some objection might be made to classifying the newer types of retailer, such as chain stores, department stores, and mail order houses, as irregularities. The small prospect of their being "smoothed out" of the marketing system gives little reason for continuing to regard them as any more irregular than the traditional type of retailer who bought from the wholesaler.

In the statement of the problem and definition of price cutting, distinction is made between economically justifiable price cutting, which must be profit yielding, and the low cost price cutting which is said to be not economically justifiable. A distinction is also made between direct price cutting and indirect price cutting; the former denoting merely a decrease in the usual selling price of the goods, the latter being marked not by deviations from the usual price but by giving free trading stamps, coupons, and various kinds of premium. Theoretically, the distinction between profit-yielding price cutting and non-profit-yielding offers a mode of escape from the difficulties which price maintenance encounters in dealing with prices which have been cut because of superior efficiency.

The discussion of price maintenance is given in chapters five to eight. The discussion of price control and its relation to quality and service brings the statement that, although in a few instances the standardized goods may have been injured by the low cost price cutting, standardization does not rest upon price maintenance. It declares that profit-yielding price cutting should not yet be abandoned but, of course, should be confined to the more efficient. Those who cannot afford it should not practice it and should not be allowed to practice it. In discussing the effect upon retail prices, the author agrees with Professor Taussig in the opinion that price maintenance would be a barrier which would block the trial and possible adoption of new devices and methods in marketing commodities. In reply to the argument of manufacturers of branded goods that they have a moral right to fix the reselling price of their goods upon the basis of their goodwill, Dr. Murchison comes to strong conclusions that:

Howsoever great be the industry of the producer, the brains, the skill, the energy or the toil he has exercised; howsoever great the responsibilities he has assumed, the risks he has shouldered; howsoever precious to the people be the product which his genius, his capital, his energy

have united to create and to establish in the markets of the world; howsoever enormous the fortunes he has spent in consummating his ambitions in any way; despite all these things there attaches to him no moral right to fix all prices over the heads of jobbers, wholesalers, retailers, and consumers, with no consideration of the other interests involved. Such a right, if universally bestowed, would make of the distributive system an economic feudalism, with the consumer as the unhappy serf.

As a whole Dr. Murchison takes what he calls a middle ground; that the system of resale price maintenance, in order to be acceptable and just, must have the quality of flexibility allowing for price valuation as costs vary, and restrictions must be imposed upon the manufacturer consistent with those imposed upon dealers. The object of such a plan seems to be the abolition of predatory price cutting and the elimination of the desire on the part of the retailers to discontinue handling the goods subject to price cutting, while allowing the manufacturer to establish prices and giving a profit. He meets the objection of impracticability of enforcement by suggesting that an administrative body with wide discretionary powers be appointed. He considers this solution of the price maintenance problem not unlike that effected by the Interstate Commerce Commission in the matter of regulating railway rates. The reviewer is skeptical of the advantages of any such half-way plan over the possible development of judicial regulation under the statute and common law with respect to fair trade.

A serious study such as this is to be commended even though it does not say the last word upon price maintenance. The future development of marketing knowledge should enable some student to give an appraisal which we may accept as more satisfying, more final, than present conditions allow Dr. Murchison to make.

HARRY R. TOSDAL.

*Boston University,
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NEW BOOKS

- FAAS, V. V. *Russia's export trade in timber and the importance of the forests of North European Russia.* (New York: Youroveta Home & Foreign Trade Co. 1919. Pp. 85.)
- FELD, W. *"Anti-dumping," Prämiengklausel und Ausgleichszölle als weltwirtschaftliche Kampfmittel gegen fremdländische Ausfuhrförderung.* (Tübingen: Mohr. 1919.)
- DE HAAS, J. A. *Foreign trade and shipping.* (New York: Alexander Hamilton Inst. 1919. Pp. xvii, 340.)

- HOOKE, W. H. *Britain's oversea trade*. (London: E. Wilson. 1919. Pp. 140. 3s.)
- LLOYD, J. W. *Coöperative and other organized methods of marketing California horticultural products*. (Urbana: Univ. Illinois. 1919. Pp. 142. \$1.25.)
- MARCOVICI, A. *Le relèvement du commerce extérieur de la France. Rôle des banques d'exportation*. (Paris: Rivière. 1919. Pp. 106. 4 fr.)
- PHILLIPS, H. D. *Coöperative marketing in the Chatauqua-Erie grape industry*. (Ithaca, N. Y.: Cornell Univ. Agri. Ex. Sta. 1919.)
- PRINGLE, W. H. *Foreign trade*. (London: Methuen. 1919. 5s.)
- RONDET-SAINT, M. *Les intérêts maritimes français dans l'Amérique latine*. (Paris: Payot. 1919. 3.60 fr.)
- SU SEE, C. *The foreign trade of China*. Columbia University studies in history, economics, and public law, vol. LXXXVII. (New York: Longmans, Green. 1919. Pp. 451. \$3.50.)
- VAN NORMAN, L. E. *Wartime control of commerce*. (New York: Appleton. 1919. \$3.)
- WELLESCH, E. *Wollzölle und Wollindustrie in den Vereinigten Staaten von Amerika*. (Stuttgart: Cotta. 1919. Pp. vi, 96.)
- WOLFE, A. J. *Theory and practice of international commerce*. (New York: Intern. Book Pub. Co. 1919. Pp. 548. \$5.)
- American goods and foreign markets*. (New York: Guaranty Trust Co. 1919. Pp. 8.)
- The Edge export finance act*. (New York: Mechanics & Metals Nat. Bank. 1919. Pp. 18.)
- Export and import shipping; foreign trade technique*. (Chicago: Am. Commerce Assoc. 1919. 24 loose leaf schedules. \$97.)
- Exporters' encyclopaedia*. Fifteenth (1919-1920) edition. (New York: Exporters' Encyclopaedia Co., 80 Broad St. 1920. Pp. 1500. \$10.)
- Exporting to Latin America*. (Washington: Pan. Am. Union. 1919. Pp. 34.)
- Foreign commerce and navigation of the United States for the six months July to December, 1918, and the calendar year, 1918*. (Washington: 1919. Pp. lix, 635.)
- Foreign trade: how to get it and how to keep it*. (Baltimore: Maryland Forwarding Co. Keyser Bldg. 1919. Pp. 38.)
- An introduction to the Webb law; an act to promote export trade and for other purposes, approved April 10, 1918*. (Boston: National Shawmut Bank. 1919. Pp. 32.)

Latin American foreign trade in 1917: general survey. (Washington: Pan Am. Union. Pp. 11.)

Marine insurance. (San Francisco: Foreign Trades Club. 1919.)

Les relations économiques de la France et de l'Australie. (Paris: Lahure. 1919. 4 fr.)

Les relations économiques de la France et de la Nouvelle-Zélande. (Paris: Lahure. 1919. 3 fr.)

Report on the coal trade of Canada for the year ended March 31, 1919. (Ottawa: Bureau of Statistics, Internal Trade Division. 1919. Pp. 75. 5c.)

Report on the trade in imports and exports at Irish ports during the year ended 31st December, 1917. (Dublin: Dept. Agri. & Technical Instruction for Ireland. 1919. Pp. 120. 9d.)

Accounting, Business Methods, Investments, and the Exchanges

The Financing of Public Service Corporations. By MILTON B. IGNATIUS. (New York: The Ronald Press. 1918. Pp. xvii, 508. \$5.00.)

A brief summary of corporation finance is given in this book together with the results of regulating public service corporations by commissions, particularly those of New York State. The writer has had considerable experience in observing corporations from the chambers of public service commissions, and public service commissions from the offices of corporations. He is therefore conspicuously well qualified to know whereof he writes.

The first three parts, entitled Corporations and Public Regulation, Capital Stocks, and Funded Debt, represent a summary of those subjects usually treated of in books on corporation finance. Perhaps the best of the chapters of this section is that dealing with the "relation of the par value to price of issue and value of stock." In this chapter the author includes two illuminating discussions, one on watered stock and the other on stock without par value. In the former he discusses at some length the devices employed, especially in the public utility field, for securing the issue of capital stock for an amount in excess of the property. He acknowledges that public service commissions and the public generally are coming to recognize "the disparity which is bound to exist between the par value of the shares and the real value of the proportionate interest in the net corporate assets which they represent." The author offers no panacea for this disparity, admit-

ting that it arises from the extreme difficulty in adjusting money values to property and intangible values. Specifically is he sympathetic with the belief that full publicity will do much to cure inherent evils of "watered stock," and he admits that the issue of stock without par value will cure those evils which rest merely on misrepresentations of accounting.

The fourth part, entitled Capitalization, seems to the reviewer the most original and valuable part of the book. True, the author devotes a great deal more space to discussing arbitrary rulings and decisions of commissions than to discussing principles of business expediency; so the book has, perhaps, less of permanent interest than if he had confined himself more to the underlying factors and motives that determine the capitalization of public utility corporations. The author sees the inherent conflict between the demands of private interests which want protection in monopoly and freedom in exploiting their monopoly, and the demands of over-zealous public authorities who would stifle private initiative—and thereby destroy the motive for industrial progress—in their efforts to protect the public from this exploitation. He sees the only solution is in compromise. And it is exactly on some basis of compromise that American public opinion is working out this enigma of twentieth century business. Because the author's point of view is so balanced his discussion of such questions as the regulation of rates, the safeguarding of investments, conserving credit, the capitalization of organization expenses, franchises and intangible values may be read with profit by all students of corporate problems whatsoever their prejudices.

The book is well printed and liberally supplied with footnote references to authoritative cases and other first-hand material.

ARTHUR S. DEWING.

Putnam's Investment Handbook. A Stimulus and a Guide to Financial Independence. By ALBERT W. ATWOOD. (New York: G. P. Putnam's Sons. 1919. Pp. iv, 375. \$1.85.)

This is a thoroughly good book. It is sane, broadminded, and yet presents sound investment wisdom in a very readable and interesting fashion. Its general scope may be gathered from a few of its title headings: The truth about saving; Simple ways to invest; How to choose safe investments, especially bonds; Pitfalls for the stock buyer; Wall Street procedure and customs; and The care of securities.

Most books, and magazine articles for that matter, dealing with investment are infected with one of two extremes. Sometimes the writer talks down from the lofty height of Wall Street omniscience and tells the seeker for investment wisdom to put his money in government bonds or the savings bank or else seek the advice of the all-wise one, the broker. This style reminds one of an old medical manual for "household use" which answered every question by the imperative, "Ask the doctor." Sometimes, on the other hand, the writer fills his pages with a lot of commonplaces culled from current manuals of corporation finance and leaves the reader totally in the dark as to the application of these commonplaces to particular concrete investment problems. The former evil comes when the financial space writer talks down to a presumptive audience of country clergymen; the latter evil comes when a business college teacher tries to write about a distinctly practical subject of which he has no practical knowledge. All this is to say that the present book shows clearly that Mr. Atwood hasn't done either of these things. His book shows a thorough familiarity with the elements of his subject. He hasn't merely read up on corporation finance; he understands it. And he does what few manuals do, he makes his subject interesting.

Yet the best thing I see in the book is its humanity. Mr. Atwood knows human nature in the abstract which goes a-marketing in Wall Street. He knows that we are all hogs when it comes to investments; we all want security, liberal yield, and speculative profits. He knows from practical observation that most of us don't get these things, so he sets out to show us what we may reasonably expect. Therein lies the author's sanity. A single passage selected at random shows this insight into human nature.

Saving money is often a dreary monotonous thing. As a rule it is only mathematics, and thirty years is a beastly long time to wait for the results of mathematics. . . . It is natural for human impatience to prefer the pleasures that come from the present spending of money to the far-distant future pleasures of saving. . . . The great trouble with talking about saving is that people don't like to be denied. They dislike to be repressed. They dislike to be told not to do things. It is always far better to say to people "Do" rather than "Don't." We all like to be encouraged and inspired to do things. If a man has set his heart upon a new victrola or a woman has decided that life is juiceless without a new hat, it is foolish to urge them to go without these things. There is only one way to induce people to save and that is to tell them of something to do, to buy. . . . The question is whether we want all

our enjoyments now or some of them in the future. . . . When a man saves and invests he is buying future happiness packages just as much as he is buying a certain amount of present happiness when he buys a very fine pair of gloves (p. 19).

Not the least valuable part of the book is a list of financial periodicals and reference books.

ARTHUR S. DEWING.

NEW BOOKS

- ALLEN, F. J. *Advertising as a vocation*. (New York: Macmillan. 1919. Pp. xii, 178. \$2.)
- ASPLEY, J. C. *Modern sales management practices*. Enlarged and revised. (Chicago: Dartnell Corp. 1919. Pp. 212. \$5.)
- BARRETT, D. M. *Salesmanship; textbook of the coöperative course in salesmanship of the world's salesmanship congress*. (Detroit: World's Salesmanship Congress. 1919. Pp. 190. \$25.)
- BAYS, A. W. *Business law; an elementary treatise*. (New York: Macmillan. 1919. Pp. ix, 311. \$1.40.)
- BEAL, C. H. *The decline and ultimate production of oil wells, with notes on the valuation of oil properties*. (Washington: Bureau of Mines. 1919. Pp. xiii, 215.)
- BURDICK, F. M. *The essentials of business law*. (New York: Appleton. 1919. Pp. xxv, 361.)
- BURTON, H. J. *Valuation and depreciation of city buildings*. (New York: Nat. Assoc. of Building Owners and Managers. 1919. Pp. 127.)
- BUTLER, R. S. and BURD, H. A. *Commercial correspondence*. Commercial education series, prepared in the Extension Division of the University of Wisconsin. (New York: Appleton. 1919. Pp. vi, 531. \$2.50.)
- DENNING, A. DE P. *Scientific factory management*. (London: Nisbet. 1919. Pp. 223. 12s. 6d.)
- DOUGLAS, A. W. *Traveling salesmanship*. (New York: Macmillan. 1919. Pp. 153. \$1.75.)
- DUNCAN, C. S. *Commercial research; an outline of working principles*. (New York: Macmillan. 1919. Pp. 385. \$2.25.)
- EADS, G. W. and others. *Problems of advertising. Addresses delivered in journalism week*. (Columbus: Univ. Missouri. 1919. Pp. 20.)
- ELMES, C. F. *Appraisals and rate making*. (Chicago: Sanderson & Porter. 1919. Pp. 35.)

Discusses the significance of normal value, which the author concludes is a meaningless term. Contains ten charts showing prices of average cost in England of a bushel of wheat, 1260-1918; of a

ton of wrought iron, 1277-1918; of a ton of lead, 1270-1918; of cattle and sheep, 1260-1918; average daily wages of carpenters and masons 1263-1918; average purchasing power of an artisan's wages, 1263-1918.

ESCHER, F. *Foreign exchange explained*. (London: Macmillan. 1919. 7s.)

FAVRE, J.-F. *La bourse clairement expliquée*. (Paris: Bibliothèque Financière. 1919.)

FREDERICK, J. G. *Modern salesmanagement. A practical handbook and guide*. (New York: Appleton. 1919. Pp. xix, 393. \$2.50.)

FREY, A. B. *American business law*. (New York: Macmillan. 1919.)

GANSE, F. W. and MANNING, E. G. *Your estate intact; being an explanation of new conditions which have arisen affecting estates and a method for meeting the change*. New edition. (Boston: F. W. Ganse. 1919. Pp. 25. \$2.)

GIBSON, T. *Simple principles of investment*. (New York: Doubleday, Page. 1919. Pp. 191. \$1.50.)

There are chapters on What to buy; What not to buy; When to buy; When to sell; Diversification of investments; Various classes of bonds; Notes, car trusts, acceptances, etc.; Railroad stocks; Industrial stocks; Mining and oil stocks; Discounts and maturities; Employment of securities as collateral. The author dissents from some of the popularly accepted principles of investment: "To strike at the sanctity of first mortgages; to deny or even modify the theory that safety of principal must decrease in inverse ratio to increase in income; to suggest the employment of securities as collateral; to tolerate the use of the pernicious words 'speculate' or 'margin'; to confidently proclaim that the prevalent and almost unanimous view regarding the decadence of railroad property is a popular delusion—these and other apostasies must inevitably subject their exponent to criticism." The style is clear and vigorous and the volume, though brief, covers a wide range with apt illustrations.

GOEHRING, W. H. *Erfahrungen mit der Sozialisierung in Vergangenheit und Zukunft*. (Gotha: F. A. Perthes. 1919.)

GRANT, R. *Law and the family*. (New York: Scribner's. 1919. Pp. vii, 264. \$1.50.)

Contains chapters on: Women and Property; The Third Generation and Invested Property; and Perils of Will Making. There are entertaining illustrations of sudden freaks of fortune in the handling of estates.

IVEY, P. W. *Elements of retail salesmanship*. (New York: Macmillan. 1919. \$2.25.)

LATIMER, H. G. *Certified liberty bond interest calendar, covering all issues of liberty bonds and victory notes*. (Auburn, N. Y.: Author, 410 Savings Bank Bldg. 1919. \$1.25.)

LAURIE, J. *High-rate tables of simple interest at 5, 6, 7, 8, 9, and $\frac{1}{2}$ per cent per annum from 1 day to 100 days, 1 month to 12 months; also copious tables of commission or brokerage from $\frac{1}{8}$ to 10 per cent.* (New York: Dutton. 1919. Pp. 238. \$6.)

MACGREGOR, T. D. *Bank advertising experience; practical ideas for financial publicity as used by hundred of banks and trust companies in the United States and Canada.* (Detroit: Burroughs Clearing House. 1919. Pp. 376. \$2.)

MERRICK, D. V. *Time studies as a basis for rate setting.* (New York: Engg. Mag. Co. 1919. Pp. xiv, 366. \$6.)

The book rightly reflects the spirit of the Taylor system of management inasmuch as it indicates a thoroughness of subject treatment and mastery of detail from a technical standpoint which marks it as a fundamental treatise on the subject of time study.

The subject-matter is well assembled and presents concrete information of practical value in place of the superficial generalizations in which such a large part of our present-day literature abounds. The first section of the book, dealing with the principles, methods and implements of time study presents the exact procedure of the work using actual studies as examples. This displays a high standard of analytical reasoning. The second section, which has to do with studies applied to a line of machine tools, describes the method of obtaining and classifying time study data in such a way as to allow of the determination of standard operating times upon new work fabricated upon the machines which have been studied, without the need of further observations. Every step in the determination of these fundamental operation tables is clearly presented, the text being illustrated with views of the machines and tools used. An appendix, which comprises about half of the book content, offers much valuable material concerning the organization of time study departments, the design of instruction cards and rate tables and a series of descriptive chapters concerning rate-setting procedure in various kinds of industrial work, the treatment being concluded with a discussion of wage payment plans.

E. H. SCHELL.

MOODY, J. *How to analyze railroad reports.* Fifth edition. (New York: Moody's Investors Service. 1919. Pp. 218.)

MOODY, J. *Moody's analysis of investments, 1919. Part 2, Public utilities and industrials.* (New York: Moody's Investors Service. 1919. Pp. 2500. \$15.)

MOORE, J. H. and HOUSTON, C. A. *Problems in business law.* (New York: Appleton. 1919. \$2.50.)

PROUTY, C. A. *Railway accounting under federal control.* (Washington: Railway Accounting Officers Assoc. 1919. Pp. 14.)

RITTENHOUSE, C. F. and CLAPP, P. F. *Accounting theory and practice. Unit 2.* Revised edition. Manual and 9 books of forms. (New York: McGraw-Hill. 1919. \$3.)

ROBINS, K. N. *The farm mortgage as an investment*. (New York: Scribner. 1919. Pp. vii, 40.)

ROGERS, J. *Building newspaper advertising, selling the by-product of the newspaper, printed salesmanship; management and organization of the selling force—development of new lines of business*. (New York: Harper. 1919. Pp. 550.)

ROSS, G. E. *Cost keeping and construction accounting*. Second and enlarged edition. (Salem, O.: Ross System Co. 1919. Pp. 171. \$2.50.)

SELDEN, G. C. *Investing for profit*. (New York: Magazine of Wall St. 1919. Pp. 150.)

America's opportunity in foreign investments. (New York: Guaranty Trust Company. 1920. Pp. 12.)

Copper. *Cost reports of the Federal Trade Commission*. (Washington: Supt. Docs. 1919. Pp. 26.)

Cost accounting in shipbuilding. Report for the committee on uniform cost accounting, adopted June 4, 1919. (New York: Atlantic Coast Shipbuilders' Assoc. 1919. Pp. 132.)

The growth of an ideal, embracing the history of the Goodrich Company, and the economy of factory and branch organization and operation. (Akron, O.: Goodrich Rubber Co. 1918.)

Manual of United States Reclamation Service. Edition of 1918. Vol. II, *Accounting*. (Washington: Dept. of the Interior. 1919. Pp. 467.)

The accounting practice described in this volume is the result of fifteen years' experience in the application of accounting principles to the special work of the Reclamation Service. The material is divided into four parts: I, General accounting; II, Fund accounting; III, Cost and property accounting; and IV, Forms used in the United States Reclamation Service. It is quite evident from reading this report that a well organized accounting system has been developed in this particular branch of our government.

Methods of paying salesmen and operating expenses in the wholesale grocery business in 1918. Publication of the Graduate School of Business Administration, Harvard University, vol. V, no. 1. Bureau of Business Research bull. no. 14. (Cambridge: University Press. 1919. Pp. 23. \$1.)

The study is based upon the reports of 114 wholesale grocers reporting on methods of paying salesmen and 145 wholesale grocers on operating expenses. The different methods of paying travelling salesmen are statistically summarized. The sales force expense is the largest single item in operation charges, a common figure amounting to 2.2 per cent of net sales. For 57 wholesale houses the average rate of stock turn was 5.2 times.

Office manual and self-instructor. (Chicago: Laird & Lee. 1919. Pp. 352. 60c.)

Special report on municipal accounts. (Albany: Municipal Accounts Bureau of New York. 1919.)

Capital and Capitalistic Organization

NEW BOOKS

ARENT, L. *Electric franchises in New York City.* Columbia University studies in history, economics, and public law, vol. LXXXVIII. (New York: Longmans, Green. 1919.)

LEIFMAN, R. *Die Kartelle in und nach dem Kriege.* (Berlin: Deitrich Reimer. 1919.)

PAYEN, E. *Les monopoles.* (Paris: Doin. 1919. Pp. 450. 7.50 fr.)

ZEDERMANN, F. *Rechtsanwalt und syndikus in München, "Wirtschaftliche Gefahren eines Kohlenmonopols."* (Berlin-Friedenau: Verlag Freie Wirtschaft. 1919.)

Trade combines and industrial organisation. (London: Garton Foundation. 1919. 1s.)

Labor and Labor Organizations

NEW BOOKS

ASKWITH, LORD. *Industrial problems and disputes.* (New York: Harcourt, Brace & Howe. 1919. \$3.50.)

BAKER, J. S. *Industrial relations; or twenty years of coöperation between capital and labor. An address given before the second annual industrial service conference at Milwaukee, April 28, 1919.* (Evansville, Wis.: Baker Mfg. Co. 1919. Pp. 12.)

BLOOMFIELD, D. *Modern industrial movements.* (New York: H. W. Wilson. 1919. \$1.80.)

BUDISH, J. M. and SOULE, G. *The new unionism.* (New York: Harcourt, Brace & Howe. 1919. \$3.50.)

CAVAILLÉ, J. *La journée de huit heures. La loi du 23 avril 1919, l'historique, l'esprit, le mécanisme d'application.* (Paris: Rivière. 1919. Pp. 146.)

CLIFFORD, J. and others. *The industrial future. In the light of the brotherhood ideal.* (London: Allen & Unwin. 1919. 2s. 6d.)

COLE, G. D. H. *Labour in the commonwealth.* (New York: Huebsch. 1919. Pp. 223. \$1.50.)

FRIEDMANN, E. L. *The federation, an industrial movement.* (New York: Woman's Press. 1919. Pp. 62. 35c.)

HAMMOND, M. B. *British labor conditions and legislation during the war.* Carnegie Endowment for International Peace. Preliminary

economic studies of the war, no. 14. (New York: Oxford Univ. Press. 1919. Pp. ix, 335.)

HARRIS, L. I. *Industrial hygiene*. (New York: Dept. of Health. 1919. Pp. 12.)

HODGEN, M. *Factory work for girls*. (New York: Woman's Press. 1919. 90c.)

HUSSEIN, J. *Democratic industry. A practical study in social history*. (New York: Kenedy. 1919. Pp. ix, 362. \$1.50.)

IOTEYKO, J. *The science of labor and its organisation*. (London: Routledge; New York: Dutton. 1919. Pp. 199. \$1.60.)

A pocket volume of less than 200 pages on so pretentious a subject as the science of labor can at best be no more than an outlined bibliography or a sketchy survey of scientific research bearing on the physiological and psychological aspects of labor. Dr. Ioteyko's book is disappointingly less than either of these possibilities. Lacking organization, it consists of: first, a collection of varied facts and theories pertaining to muscular action, fatigue, alimentation, ambidexterity, and manual reëducation; second, a discussion of the Taylor system; and last, an interesting account of the Belgian methods of technical education.

One should, perhaps, partly condone the author for his superficiality of treatment in a book of so few pages, but certainly not for hasty conclusions. In the fore part of his book, under the caption *The Human Motor*, the author states and quotes a considerable number of facts either without the intent or without the ability to organize them and to draw conclusions applicable to labor. In a later chapter his inability rightly to interpret his data is signally evidenced: from figures showing the greater acceleration of pulse attending work with the left arm over that attending work with the right, he builds up a theory of right-handedness as a defensive mechanism to protect the heart; and because simultaneous work with both arms results in a lesser acceleration than the same amount of work for one hand, he subscribes to an ambidextrous education. Gould's *Right-handedness and Left-handedness* is a happy corrective for these two fallacies.

In his commendable but brief discussion of the Taylor system one of the criticisms which Dr. Ioteyko makes is the lack of appreciation of the psychology of the individual workingman. Though the author frequently refers to the psychological aspects of the organization of labor, he nowhere treats of the motive power of human behavior. That side of the science of labor, presented in Veblen's *The Instinct of Workmanship* and in Tead's *Instincts in Industry*, is a phase of industrial organization and industrial problems no longer, if ever, negligible.

CHARLES LEONARD STONE.

KAHN, O. H. *Capital and labor. A fair deal*. (New York: Author, 52 William St. 1919. Pp. 20.)

LATTIMORE, E. L. and TRENT, R. S. *Legal recognition of industrial women*. (New York: War Work Council, Y. W. C. A. 1919. Pp. 91.)

LESCOHIER, D. D. *The labor market*. (New York: Macmillan. 1919. Pp. xii, 338.)

LITCHFIELD, P. W. *The industrial republic*. (Akron, O.: Author, Goodyear Tire & Rubber Co. 1919. Pp. 73.)

MACIVER, R. M. *Labor in the changing world*. (New York: Dutton. 1919. Pp. x, 230.)

It is apparent that publishers regard the present as a favorable time to produce books on problems of reconstruction, and much that is being written must inevitably be ephemeral in character. Ten or twenty years hence a few worth-while books may be written that will deal adequately with the present period of unrest; but the time is not now.

The author of this book has done as well, perhaps, as could be expected under the circumstances. He sets forth the chief movements in the labor world, particularly in Great Britain and America, and traces their origins, most of which lie far back of the war. In fact, he says that the "New position and demands of labor have not arisen out of the war situation. . . . The war has hastened the process only as a storm shakes from the tree the ripened fruit." This may be taken as the keynote of the work.

The author calls attention to the fact that working men are increasingly insistent that labor shall not be treated as a commodity, but that it shall occupy the position of a partner in industry. This will involve some sort of economic democracy, though the exact details of the plan can only "be invented and developed at a later stage under the influence of the new spirit."

There is, in the author's estimation, a marked widening in the idea of labor. This would mean the inclusion in the labor organizations of the brain workers, administrators of industry, technicians, and professional workers of all kinds, whether they employ purely economic methods or become parties for the purpose of gaining their objects by political means. The longest step in this direction has been taken by the British Labor party which is seeking to become the party of the producers: that is, "all the people, without distinction of class or sex, who labor to enrich the community." Canadian labor is falling in line with this policy by its approval of the formation of a Labor party whose object is the promotion of the "political, social, and economic emancipation of the people, particularly of those who depend directly upon their own exertions by hand and brain for the means of life."

The author has little faith in the future of arbitration, and, though conciliation has done more, he feels that both are bound to be abandoned when the new order is established. This new order is an economic democracy which is not Bolshevism nor socialism, but

is simply a partnership between labor and capital which shall identify the worker more closely with the control of the industry in which he is engaged and which shall do away with economic autocracy, "nowhere more flagrant and assertive than in America." The writer does not expect the new order to displace or destroy unionism. On the contrary he holds that the union is a *sine qua non* of industrial order and progress. "In a word, it is not organized labor that is the peril—the real peril to the nation is unorganized labor, and the spirit that would keep labor unorganized."

CARROLL W. DOTEN.

- MAGNUSSON, L. *Disposition of the public lands of the United States with particular reference to wage-earning labor.* (Washington. 1919. Pp. 30.)
- MAIER, G. *Soziale Bewegung und Theorien bis zur modernen Arbeiterbewegung.* (Leipzig: Teubner. 1919. Pp. 131. 1.60 M.)
- PHILLIPS, S. L. *Reciprocal rights of capital, labor, buyers and the state.* (Washington: National Capitol Pub., 330 John Marshall Pl. 1919. Pp. 155. \$1.25.)
- PROSSER, J. E. *Piece-rate, premium and bonus.* (London: Williams & Norgate. 1919. Pp. 122. 6s.)
- ROBBINS, H. *Labor movements and labor problems in America. Compiled and edited from the addresses and writing of Samuel Gompers.* Vol. I, *Labor and the common welfare.* Vol. II, *Labor and the employer.* (New York: Dutton. 1919.)
- ROBERTSON, J. *Labor unionism based upon the American shop steward system.* (Portland, O.: J. Robertson, Box 4143. Pp. 15. 15c.)
- SCHIFF, M. L. *Profit-sharing.* Reprinted from the *New York Times.* (New York: Author, 52 William St. 1919. Pp. 24.)
- SCOTT, J. W. *Syndicalism and philosophical realism.* (London: King. 1919. 10s.)
- SELLEY, E. *Village trade unions in two centuries.* (London: Allen & Unwin. 1919. 4s. 6d.)
- SIMPLEX, S. [pseud.] *The "minimum wage" stunt. A pronouncement by Mr. B. Seebohm Rowntree critically examined.* (Keighley, Eng.: The Yorkshire and Northern Land Values League. 1918. Pp. 32. 3d.)
- SMIDDY, T. *The organisation of labour.* (London: Methuen. 1919. 5s.)
- SOLVAY, E. *La rémunération comparative du capital et du travail.* (Brussels: F. Van Buggenhoudt. 1919. Pp. 26.)
- STOWELL, C. J. *The journeymen tailors' union of America. A study in trade union policy.* University of Illinois studies in the social

sciences, vol. VII, no. 4. (Urbana: Univ. Illinois. 1919. Pp. 143. \$1.)

TAYLOR, R. G. S. *The guild state*. (London: King. 1919. 3s. 6d.)

VALDOUR, J. *La vie ouvrière. Les mineurs*. (Paris: Rousseau. 1919. Pp. 390. 4.50 fr.)

WHIPP, F. D. *The practical operation of the eight hour day in state institutions*. (Springfield: Dept. of Public Welfare. 1919. Pp. 21.)

Describes the experience of Illinois and contains data on the operation of shifts, including split shifts.

WING, G. C. *Applied profit sharing*. (Cleveland, O.: Author. 1919. Pp. 15.)

American Federation of Labor; history, encyclopedia, reference book. (Washington: The Federation. 1919. Pp. 515. \$2.)

American and international labor conditions. (Cleveland, O.: Society of Industrial Engineers. 1919. Pp. 230. \$2.)

Classification and salaries of engineers. (Toronto: Canadian Engineer. 1919. Pp. 5.)

Dix-neuvième congrès national corporatif, tenu à Paris, du 15 au 18 Juillet, 1918. Compte rendu des travaux. (Paris: Confédération Générale du Travail. 1919. Pp. 308.)

The economic structure of the League of Nations. Memorandum on international labor legislation. (London: British Labor Party. 1919. Pp. 46. 1s.)

The industrial counsel for the building industry. (London: Garton Foundation. 1919. 1s.)

Industrial democracy, 1848-1919. A study help prepared by the Library Employees' Union of Greater New York. (New York: The Union, 463 Central Park West. 1919. Pp. 34. 20c.)

Contains a useful bibliography with annotations on industrial parliaments, labor councils, shop committees and works councils, Whitley committee, and works councils and shop committees. Includes foreign references on shop committees.

Investigation of strike in steel industries, hearings pursuant to S. Res. 202 on resolution of Senate to investigate strike in steel industries. (Washington: Supt. Docs. 1919. Pp. 1051.)

Is this living? (New York: Consumer's League of the City of New York. 1919. Pp. 15.)

The Joint Commission on Social Service of the Protestant Episcopal Church. Third Triennial Report to the General Convention. (New York. 1919. Pp. ix, 191.)

It is significant of the trend of public interest that about two

thirds of this report should be devoted to industrial relations. In fact this subject constitutes practically the entire body of the report after part 1, which gives a detailed record of the activities of the commission. The main topics covered are demobilization and unemployment, strikes, trade unions, shop stewards, shop committees, joint industrial councils, socialism, syndicalism, guild socialism, and the coöperative movement. Throughout the discussion of these topics there is manifested a sympathetic understanding of the laboring man's point of view. There is also the explicit recognition that the Church cannot hold itself aloof from these movements if it is to continue to be a vital force in the world.

The treatment is chiefly descriptive. There is little if any criticism of policies or methods, and no fear of the evil consequences of any of these movements seems to have been felt by the commission. On the contrary there is both tacit and explicit approval of the tendencies to seek a greater amount of leisure for working people and to place the emphasis on human welfare and the dignity and worth of life rather than on increased productiveness.

CARROLL W. DOTEN.

Labour legislation in Canada, for the calendar year 1918. (Ottawa: Dept. of Labour. 1919. Pp. 152.)

The labor situation in Great Britain and France, by the commission on foreign inquiry of the National Civic Federation. (New York: Dutton. 1919. Pp. x, 433.)

Labor in the treaty of peace. Part 13 of the treaty of peace with Germany. (Boston: World Peace Foundation. 1919. Pp. 345.)

Lønninger og levevilkår i Norge under verdenskrigen. (Christiania: Statistiske Centralbyrå. 1919. Pp. 158.)

Minimum wage commissions. Current facts. (New York: National Consumers' League. 1919. Pp. 15.)

Nevada Industrial Commission annual report, 1916-1918. (Nevada: Carson City. 1919.)

Oregon Industrial Accident Commission. Annual report, 1916-1917. (Salem. 1919.)

The peace treaty and the labor legislation program. (New York: American Association for Labor Legislation. 1919. Pp. 393. \$1.)

The practical operation of the eight-hour day in state institutions. The quarterly conference of the Minnesota State Board of Control and Institution Superintendents, held at Stillwater, Minn., Aug. 5, 1919. (Springfield, Ill.: Dept. of Public Welfare. Pp. 21.)

State laws affecting women in the United States. (New York: The Woman's Press. 1919. 40c.)

Substitution of women for men during the war. Reports of H. M.

inspectors of factories showing the position in certain industries at the end of 1918. (London: Home Office. 1919. Pp. 142. 8s.)

Substitution of women in non-munition factories during the war. (London: Home Office. 1919. Pp. 52.)

War Cabinet report for the year 1918. (London. 1919. Pp. 339. 3s. 6d.)

Wartime changes in wages, September, 1914, to March, 1919. Research report no. 20. (Boston: Nat. Industrial Conference Board. 1919. Pp. xiii, 128. \$1.50.)

Contains data in regard to metal, cotton, wool, silk, boot and shoe, paper, rubber, and chemical manufacturing industries. The study is based upon an analysis of the movement of hourly and weekly earnings rather than full-time earnings. Chapter 10 deals with wages and cost of living. The pamphlet is abundantly illustrated by thirty-five charts.

Works councils in the United States. (Boston: National Industrial Conference Board. 1919. Pp. 135. \$1.50.)

Money, Prices, Credit, and Banking

Effects of the War on Money, Credit and Banking in France and the United States. By B. M. ANDERSON, JR. Carnegie Endowment for International Peace. Preliminary Economic Studies of the War, No. 15. (New York: Oxford University Press. 1919. Pp. iv, 227.)

Students of money, banking, and finance will find this volume filled with solid information and marked by penetrating insight and illuminating interpretation. It is an interpretive and critical, finely and judicially critical, record for both countries of the main transformations effected by the war in the field under discussion.

An introduction familiarizes the reader with the main outline of the story that is told in detail in later pages, about two thirds of which, twelve chapters, fall to France, and one third, five chapters, to the United States. Financial and economic conditions in both countries at the outbreak of the war are set forth; as also conditions in foreign trade and foreign exchange, fiscal methods, banking and the medium of exchange, prices of commodities and securities. An appendix contains statistical tables and numerous graphs.

Features of outstanding interest and significance are so numerous as to make particularization difficult. A chapter on Money, Credit, and Banking in France contains an analytical contrast be-

tween the banking systems of France and of the United States that is both detailed and interesting. Perhaps the height of the contrast is the author's contention that the use of checks in France, even before the war, was by no means so restricted as has been supposed, that transfers made by French banks for their customers were and are of enormous amounts, and that it is probably not true that notes and coin are used in making the major part, *in pecuniary magnitude*, of payments in France. Moreover, bank loans in France grow chiefly out of capital and deposits (net income), whereas in the United States deposits arise from loans. The depositors of French banks are capitalists, rather than entrepreneurs who rely on bank accommodation for carrying on their businesses; and cash in French banks tended to overflow, before the war, even beyond national boundary lines.

This interesting and distinctive feature of the French system, the excess of savings and deposits over loans made at home, with the consequent overflow of French funds into foreign investments, constitutes the key to the explanation of the industrial collapse of France at the outbreak of the war. It is not "well with a nation that its people are largely capitalists and agriculturalists, instead of active entrepreneurs and factory laborers, when a great war comes" (p. 36).

The direction of French investment had been determined by the few great private banks, moved in no small degree by the prospect of high commissions on the sale of securities issued by second-rate foreign governments—instead of promoting the commerce and industry of France.

Not only did the great private banks of France play a despicable part in the investment field before the war. Overwhelmed by disastrous breaks in the prices of securities in which they had been dealing and of which they may have held large amounts, they felt themselves helpless at the outbreak of the war, curtailed lending operations, rediscounted freely at the Bank of France and hoarded the proceeds. The influence of the great private banks before the war was powerful but pernicious; during the war, salutary but feeble. Even the moratorium which "hung as a millstone about the neck of France" might have been avoided but for their weak, timid, and selfish course (p. 126).

The role of the Bank of France both before and during the war stands out in sharp contrast with that of the private institutions.

Free from responsibility for foreign investments, and limiting its profits by accumulating extraordinary gold reserves in peace, the Bank of France played a high-minded and patriotic part in the financial drama of the war. "Advances to the state for war" stood at 19,150,000,000 francs August 29, 1918, about two thirds in amount of the total note issue, which itself increased from 6,029,000,000 francs in February, 1914, to five times that amount in August, 1918—an increase that loses its portentous appearance when it is recalled that the ratio of gold to demand liabilities of banks in France was far larger before the war than the same ratio in England or the United States (p. 109).

The marshalling and interpretation of the facts bearing upon the course of financial events in the United States is in keeping with the chapters on France. The closing of the New York stock exchange is commended, the policy of restricting gold payments within the country and of restricting shipments of gold abroad is scathingly and convincingly condemned; the establishment and expansion of the federal reserve system and its services in war finance are noted and appraised; our methods of financing the war are described and defended; and, in the concluding chapter, "Prices in the United States," the course of our prices is examined and explained by reference to a shortage of goods.

At one or two points the reviewer finds himself in disagreement with the position taken by the author. First, Dr. Anderson contends that the value of money has not changed within the period of the war, that it is the value of goods that has gone up. The proof offered is that some prices have not gone up, notably rents. "Had the rise in prices been due to depreciation of money, house and apartment rents would have risen with other prices" (p. 202). Must all prices rise before the value of money declines? And when the last price moves upward—even rents and real estate prices are now rising—how is the decline in the value of money to be measured? But, in a sense, argument here seems out of place, because value to Dr. Anderson means, not power in exchange, not purchasing power, not a ratio, but rather the importance attached to the single magnitude.

Second, to Dr. Anderson's statement that bank credit has expanded as prices have risen and that "after the war when commodity prices and wages come down again—as they inevitably will in terms of gold—bank expansion will also diminish," it may

be replied: Expansion of bank credit in the United States has been made *possible* on a large scale mainly by the reduction in the reserve requirements of our commercial banks, the net acquisition by our banks of a round billion dollars in gold, and the economy of lawful money in connection with the operations of the federal reserve banks. The easy availability of bank accommodation prompted and enabled entrepreneurs to bid higher and higher—frequently against one another—for materials and labor employed in producing goods for which there existed a wartime demand. Psychological, technological, and other factors underlay the fact and determined the volume of production and exchange, but the supply of money and credit in relation to the exchanges to be made, conditioned the price level at which those exchanges were made.

Is not Dr. Anderson's belief that prices will "come down again" based on a confusion of two kinds of bank credit expansion: one seasonal or cyclical, and elastic as, for example, the expansion of Canadian bank notes in the crop-moving season; the other, out of the ordinary, relatively permanent and essentially non-recurrent, and traceable, as it were, to a lengthening of the line, and not to elasticity therein. The federal reserve system gave us an elastic and also longer tie to our wind-tossed balloon of credit. Every reduction in reserve requirements and every million dollars added to our reserve tends to unwind the elastic line. Price recessions may be expected, but they will be from a new and higher level.

To those who adhere to the "quantity theory" in its twentieth century form, Dr. Anderson's explanation of the wartime rise in prices seems one-sided and inadequate; by the members of his own school of price philosophy the same feature will be otherwise regarded. That the work is well documented, well proportioned, and highly wrought, even brilliantly done, is, at any rate, not to be gainsaid.

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Papers on Current Finance. By H. S. FOXWELL. (London: Macmillan and Company. 1919. Pp. 280. 10s.)

This volume brings together with little alteration and in very acceptable form seven exceedingly interesting articles and addresses spread over the period 1909-1917, but relating either to problems raised directly by the war or to questions to which the

war has brought a new and urgent interest. An appendix reproduces a paper of 1888, "The growth of monopoly, and its bearing on the functions of the State"; also a letter dated February, 1918, advocating "fixed exchange within the empire."

The first paper of the volume, "British war finance," deals critically with the crisis of 1914 and the financial emergency measures that it evoked, and recommends the later-adopted method of continuous borrowing, cites French experience in its support, protests against extravagance and waste in both private and public expenditure, and urges heavy taxation.

The next two papers are concerned with the problem of financing trade and industry, particularly after the war. In the first of these, fitly called, "The nature of the industrial struggle," some of the outstanding developments of modern business competition are clearly indicated, notably the trend towards larger industrial organizations as a defense against predatory forms of trade activity. "The contrast between war and peace is greatly exaggerated. What is vaguely called competition turns out on closer examination to be a struggle of force." The nature of the industrial struggle made plain, the question becomes one of finance, and "The financing of industry and trade" (IV), stresses the desirability of a closer touch between the financial, as distinguished from the banking institutions, and British industries.

"The banking reserve" (V) deals with the inadequacy of the English position and proposes the establishment of a system of triple reserves: one, that of the Bank of England, to be used as formerly; another, for use in emergencies, and then only upon the payment of a progressive tax, would be made up by contributions from the banks; and still another built up at the expense of the state, would be kept for use in time of war or extraordinary crisis. "The American crisis of 1907" is paired with the paper on reserves, on the ground that the crisis of that year illustrates the importance of the reserve question, and the subject is treated almost wholly from that point of view.

The burden of "Inflation: in what sense it exists; how far it can be controlled" (VII), an address delivered in 1917, is that the foreign exchanges do not prove currency depreciation, that gold depreciation was scarcely more marked in England than in the United States, that high prices resulted from the enormous expenditure of the government, and could be checked only by cutting away from the gold standard.

Of all the papers, the force of that on inflation alone has been broken by later events. The decline of 20 per cent in our sterling rates, the bold emergence of a high premium on gold in England, and the further rise in prices after the armistice are all of a nature to suggest a reconsideration of the analysis given in the concluding paper. But Professor Foxwell himself tells us the address on inflation "was designedly prepared to start a discussion," and may have contained "undue emphasis or bias." He has forestalled criticism.

CHESTER A. PHILLIPS.

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NEW BOOKS

BENDIXEN, F. *Währungspolitik und Geldtheorie im Lichte des Weltkrieges.* (Munich: Duncker & Humblot. 1919. Pp. 181. 8 M.)

BONZON, J. *La fuite de l'argent français, essais de politique financière.* (Paris: Figuière. 1919. Pp. 250. 4.50 fr.)

BOUBLIKOFF, A. A. *The recovery of the Russian monetary system.* (New York: Youraveta Home & Foreign Trade Co. 1918. Pp. 27.)

BURTON, T. E. and SELDEN, G. C. *A century of prices.* (New York: Mag. of Wall St. 1919. Pp. 108. \$2.)

The first four chapters—Prices as an index of economic and investment conditions, Great economic forces since 1790, What American commodity prices show, and Causes of changes in interest yields and money rates—are by Mr. Burton; the fifth, Principles of stock prices, by Mr. Selden. Mr. Burton's rapid but clear survey of prices is illustrated by graphs of prices, English commodities, and English consols, since 1790. So in the chapter on American prices there is a graph of commodities covering the period since 1845, and for corporation bond yields since 1860.

COMPTON, W. *The value of the lumber dollar. Will the present level of lumber prices be lasting?* (Chicago: Nat. Lumber Mfrs. Assoc. 1919. Pp. 19.)

FERRIN, A. W. *Chinese currency and finance.* Special agents series, no. 186. (Washington: Bureau of Foreign & Domestic Commerce. 1919. Pp. 57.)

FISHER, I. *Stabilizing the dollar.* (New York: Macmillan. 1920. Pp. xi, 305. \$3.50.)

FISKE, A. K. *The modern bank.* (New York: Appleton. 1919. Pp. 341.)

The outstanding difference between this edition and the first is the inclusion of a chapter on the federal reserve system. In this chapter stress is laid on such features of the system as have involved

changes in the practical operation of banks: note issue, reserve holdings, clearings and collections, use of acceptances, open market operations. There is concise treatment of these points with whatever modifications and additions were necessary in subsequent chapters in order to effect adjustments required. C. A. P.

HOBSON, J. A. *Gold prices and wages*. (London: Methuen. 1919. 5s.)

HUTH, W. *Die Entwicklung der deutschen und französischen Grossbanken im Zusammenhange mit der Entwicklung der Nationalwirtschaft*. (Berlin: Siemenroth. 1919. Pp. 186. 6.30 M.)

LEWIS, P. G. *The solution*. (Milwaukee: Pabst Pub. Co. 1919. Pp. 174. \$4.)

To the extent that banks have built up deposits in excess of their cash holdings they are insolvent, the author of this curious, rambling, inflationist, socialistic volume argues, and their very existence is endangered. Against the time when the banks will be unable to meet their demand liabilities in cash the government is urged to issue labor certificates in payment for work on public enterprises and in payment of pensions earned in peace. The author's extraordinary views rest mainly on a failure to comprehend the nature of bank deposits and their security, which, he holds—slighting the assets underlying the loans and discounts of banks—is merely debt (pp. 66, 76, 86). Besides, there is no evidence that the author is cognizant of any relationship between the money supply and prices. The tone of the criticism of our financial system and the mechanical make-up of the book, including numerous pen and ink "illustrations," are reminders of Coin's *Financial School*. C. A. P.

MARCOVICI, S. *Le relèvement du commerce extérieur de la France. Rôle des banques d'exportation*. (Paris: Rivière. 1919. Pp. 106.)

A jaunty little volume this is, taking up in successive chapters the costs of the war to France, the problem of reestablishing the balance of trade, foreign trade in France before and during the war, the restoration of the foreign trade of France, and banks in relation to foreign trade. The author sees the value of a large export trade to France in an important light and devotes a large part of the volume to advocating economy in consumption, more and more intense productive effort, and unflinching resort to whatever measures—liberal tariffs among the Allies, efficient commercial representation, adequate merchant marine—will stimulate and foster the power of France to swell the stream of her commodities exported.

Of all the ways and means that can contribute to the development of foreign trade none is, perhaps, more important or essential, according to the author, than credit. British and German facilities for financing foreign trade are contrasted with those of France, and numerous French plans for the extension of French credit facilities to foreign trade are laid bare, as a preliminary to the author's own recommendations, which, already bearing fruitful re-

sults, contemplate the establishment of numerous coördinate institutions located at foreign trade points, united by a common policy and supported by the state, the Bank of France, and the great banks of France.

The work is valuable as affording a clean-cut view of the foreign commerce, shipping, and foreign credit facilities of France before and during the war.

C. A. PHILLIPS.

MITCHELL, W. C. *History of prices during the war. Summary.* (Washington: War Industries Board. 1919. Pp. 95.)

MYLIUS, E. F. *The socialization of money; a treatise presenting a practical solution of the money problem.* (New York: Graphic Press. 1919. Pp. 28.)

NICHOLSON, J. S. *Inflation.* (London: King. 1919. Pp. 139. 3s. 6d.)

The author sounds the keynote of this admirable little volume, the substance of which was given in a series of lectures to the staff of Barclay's Bank, in closing sentences of the preface: "I have called this book *Inflation sans phrase* because the word suggests besides the usual monetary meanings all sorts of flabby moralities and bombastic utterances. We want to get back not only to hard money but to hard thinking." The author himself sets an example of precisely that kind of thinking.

The first chapter makes clear the almost frictionless way in which England abandoned the gold standard during the war. The steps were three. First, there was no demand for the (nominal) conversion of currency notes into gold; then it was provided by the Defence of the Realm act that melting gold coins was criminal, and at the same time the export of gold was in practice not permitted except with official sanction—and all with a minimum of publicity.

A discussion of excessive government borrowing and the excessive substitution of currency notes for gold as reflected in high prices and disturbed foreign exchanges takes up the second chapter, and the third deals with an important result of inflation, namely, inequity in the distribution of the national income. Some classes—what classes, might have been more fully and exactly pointed out—have suffered heavy reductions, others have gained unearned increments; and the inequities of the new distribution constitute the main cause of the prevailing unrest.

The fourth and concluding chapter sets at rest the fallacy that an internal public debt imposes no real burden on the nation concerned, and points the way to a return to the gold standard. Let government borrowing cease and restore the balance of government revenue and expenditure; raise the rate of discount; place a rigid limitation at once on the currency notes, and gradually reduce their amount until the notes bear a reasonable ratio to the gold held as cover; cut off donations for doing nothing and shut down jobs invented for doing worse than nothing—these are the reforms recommended to deal with the situation.

The volume constitutes a sound sermon calling financial sinners to repentance. It can be read with profit in many quarters outside the United Kingdom.

CHESTER A. PHILLIPS.

PATON, T. B. *Digest of legal opinions of Thomas B. Paton, which have been published in the issues of the "Journal of the American Bankers Association" from July, 1908, to June, 1919, inclusive.* (New York: American Bankers Association. Pp. 167. \$5.)

SCHLESINGER, K. *Die Veränderungen des Geldwertes im Kriege.* (Vienna: Mansch. 1916.)

SHIRRAS, G. F. *Indian finance and banking.* (London: Macmillan. 1920. 507. 18s.)

ST. CLAIR, O. *Physiology of credit and of money.* (London: King. 1919.)

SUBERCASEAUX. *Le papier-monnaie.* (Paris: Giard & Brière. 1920.)

WHITAKER, A. C. *Foreign exchange.* (New York: Appleton. 1920. \$5.)

WOLFE, H. W. *People's banks.* Fourth edition, newly revised and brought up to date. (London: King. 1920. 10s. 6d.)

Acceptances. (Boston: National Shawmut Bank. 1919. Pp. 22.)

Changes in cost of living 1914-1919. (Washington: Bureau of Applied Economics. 1919. Pp. 55. \$1.)

The cost of living among wage-earners. Fall River, Massachusetts, October, 1919. Research report no. 22. (Boston: National Industrial Conference Board. 1919. Pp. 18.)

High prices and their causes. Facts and views concerning the cost of living, with suggested means for reducing it. (New York: Fidelity-Phenix Fire Ins. Co. 1919. Pp. 16.)

How banks are keeping abreast of foreign trade. (New York: Irving National Bank. 1919. Pp. 13.)

Increased price of coal. Hearings before subcommittee pursuant to S. Res. 126. (Washington: Supt. Docs. 1919. Pp. 483.)

Index numbers of Indian prices, 1861-1918. (Calcutta: Department of Statistics. 1919. Pp. 24. 1s. 6d.)

Hearing before the Committee on Banking and Currency, United States Senate on the nomination of John Skelton Williams to be comptroller of the currency. (Washington: Supt. Docs. 1919. Pp. 1058.)

One hundred years of the Savings Bank of Newport. Glimpses of the past of an old town together with brief accounts of some of the men who have filled a part in the bank's history and in the town affairs. (Newport, R. I.: Savings Bank of Newport. 1919. Pp. 48.)

An illustrated anniversary history.

The paper pound of 1797-1821. A reprint of the bulletin report, with an introduction by Edwin Cannan. (London: King. 1919. Pp. xlix, 71. 4s.)

A report on the retail prices of nitrate of soda and acid phosphate as of May 1, 1919. (Washington: Dept. Agri. 1919. Pp. 15.)

Standards of living; a compilation of budgetary studies. (Washington: Bureau of Applied Economics. 1919. Pp. 49. \$1.)

Statement of production price movements and currency expansion in certain countries. (London: Wyman. 1919.)

Workingmen's standard of living in Philadelphia. A report by the Bureau of Municipal Research of Philadelphia. (New York: Macmillan. 1919. Pp. x, 125.)

Public Finance, Taxation, and Tariff

NEW BOOKS

BENDIXEN, F. *Kriegsanleihen und Finanznot.* (Jena: Fischer. 1919. Pp. 32. 1.50 M.)

BOGART, E. L. *Direct and indirect costs of the great world war.* Carnegie Endowment for International Peace. Preliminary economic studies of the war, no. 24. (New York: Oxford Univ. Press. 1919. Pp. vi, 334. \$1.)

BOGART, E. L. *War costs and their financing.* (New York: Appleton. 1920. \$3.)

COOKE, M. L. *Our cities awake.* (New York: Doubleday, Page. 1918. Pp. xxi, 351. \$2.50.)

Written by the former Director of Public Works of Philadelphia, 1912-1916, the volume throws light on the internal difficulties in the handling of municipal economy and administration. Particularly to be noted is the description of the relation of the city to public utilities and marketing.

GILBERT, A. B. *American cities. Their methods of business.* (New York: Macmillan. 1918. Pp. 240. \$1.50.)

The twelve chapters of the book cover the following topics: The growing interest in City promotion, External costs, The proper object for city promotion, Cost of materials, Labor costs, The land factor, Capital, The case for public ownership of utilities, The government of the city, The manager plan of city government, The industrial survey, and The force of circumstances.

GOOD, W. C. *Production and taxation in Canada from the farmer's standpoint.* (Toronto: Dent. 1919. Pp. vi, 133. \$1.)

GRANDJEAN, M.-G. *Traité théorique et pratique des obligations et taxes de pavages et trottoirs. Anciens usages, législation, doctrine jurisprudence actuelle en France et spécialement à Paris.* (Paris: Rousseau. 1919. Pp. 390. 15 fr.)

HIGGS, H. *A primer of national finance.* (London: Methuen. 1919. Pp. vii, 168. 5s.)

HOBSON, J. A. *Taxation in the new state.* (London: Methuen. 1919. 6s.)

JAFFÉ, E. *Die Finanz- und Steueraufgaben im neuen Deutschland.* (Leipzig: Duncker & Humblot. 1919. Pp. 36.)

JAVAL, H. *Graphiques comparés des rentes françaises de 1798 à 1918. Etablis dans le rapport des cours et des rendements différents.* (Paris: Alcan. 1919. 2.50 fr.)

Three curve diagrams in colors showing the maximum and minimum prices of French *rentes* during the period 1798-1918. Each year in the graph is subdivided into two-month periods. Scales show the net return of investment.

LILL, T. R. *National debt of Mexico. History and present status.* (New York: Searle, Nicholson, Oakey & Lill. 1919. Pp. 115.)

LUTZ, H. L. *The classification of property for taxation.* (Columbus: Ohio Taxpayers League. 1919. Pp. 64.)

A concise summary of the defects of the property tax and the advantages of classification. The experience of different states is summarized.

MAXEY, C. C. *County administration. A study based upon a survey of county government in the state of Delaware.* (New York: Macmillan. 1919. Pp. xiii, 199. \$2.50.)

In the introduction by Dr. Charles A. Beard, Director of the Bureau of Municipal Research and Training School for Public Service, it is announced that this is the first of a series of handbooks on the best method of administration, based upon the researches and surveys which have been made by the Bureau of Municipal Research during the past twelve years. These studies will be mainly descriptive, but will also contain constructive proposals. Chapter 3 deals with Financial Freedom; chapter 4 with Business Problems, as purchasing of supplies and office efficiency, and chapter 5, with Almshouses, Jails, and Workhouses. In the bibliographical list of references there are sections on accounting and taxation, as applied to the county unit. The volume has a special merit in that it is the product of a field study, thus supplementing studies which rely largely upon documentary material.

MOHUN, B., editor. *The income tax law, the war-profits and excess-profits tax law, the estate tax law, the capital-stock tax law, and general and administrative provisions relating thereto, as contained in the Revenue act of 1918, approved February 24, 1919.* (Washington: Author. 1919. Pp. xii, 126. \$1.)

NORMAND, G. *La mort des octrois.* (Paris: Perrin. 1919. 5 fr.)

RIGHTOR, C. E. *City manager of Dayton. Four years of commission-manager government, 1914-1917; and comparisons with four pre-*

ceding years under the mayor-council plan, 1910-1913. (New York: Macmillan. 1919. Pp. x, 271. \$2.50.)

Contains chapters on How Dayton got good government; Municipal housekeeping; Finance; and Purchasing for a city.

TAUSSIG, F. W. *Free trade, the tariff and reciprocity.* (New York: Macmillan. 1920.)

VALLÉE, C. *Un budget de vingt milliards; comment l'équilibrer?* (Paris: Rivière. 1919. 4 fr.)

WEBER, G. A. *Organized efforts for the improvement of methods of administration in the United States.* (New York: Appleton. 1919. Pp. xv, 391. \$2.75.)

Of value to the student as an aid to locating "source" material. The author gives an account of official and unofficial agencies for research in the field of governmental activities. Part III describes the several state legislative reference and bill-drafting agencies.

Assessed valuation, per cent of true value, tax levies, and tax rates for Wisconsin cities, 1919. Municipal reference bulletin no. 7. (Madison: University Extension Division. 1919. Pp. 15.)

Assessors' manual, including assessment laws with questions and answers relating thereto. (Milwaukee: Minnesota Tax Commission. 1919.)

Federal tax manual, illustrative and analytical instructions for preparing federal income and profits tax returns of individuals, partnerships, fiduciaries and corporations, adapted to the use of educational institutions, accountants, auditors, bookkeepers, and business and professional men and women. Typewritten. (Washington: Federal Tax Pub. Co. 1919.)

Federal stamp taxes on original issues of stocks and bonds and transfers of stocks. (New York: Guaranty Trust Co. 1919. Pp. 35.)

Income tax. Second instalment of minutes of evidence of the Royal Commission on the Income Tax, with appendices. Third instalment, ditto. (London: Wyman. 1919. 2s. 3d.)

Income tax, weights and measures, stamp duties. Coinage, British, colonial, and foreign. (London: National Bank of South Africa. 1918. Pp. 325.)

Les instruments modernes de la politique étrangère. Les emprunts d'état. (Paris: Roustan. 1919. Pp. 410.)

Report of the special joint taxation committee of the eighty-third Ohio general assembly. (Columbus. 1919. Pp. 165.)

Taxpayer's guide. (New York: Equitable Trust Co. 1920. Pp. 66.)

The solvency of the Allies. Great Britain, France, Belgium, Italy. (New York: Guaranty Trust Co. 1920. Pp. 38.)

Population and Migration

NEW BOOKS

ALLEN, N. F. *Infant mortality: results of a field study in Saginaw, Michigan, based on births in one year.* U. S. Department of Labor. Children's Bureau. Infant mortality series, no. 9. Bureau publication no. 52. (Washington: Supt. Docs. 1919. Pp. 91.)

Previous studies in this series have for the most part dealt with conditions in manufacturing cities in which there were a large number of mothers gainfully employed and where a large proportion of the population is foreign born. Saginaw was chosen because these problems are not present to such an extent there and because "the families had a high economic status compared with those in other cities studied."

The results of this study, as well as of the other similar studies, show close relation between poverty and earnings and infant mortality. "The mortality rate was highest, 179.5, for the infants whose fathers were in the lowest earnings group, under \$450. It decreased as the earnings increased with but a single irregularity to a minimum of 22.2 for the group with father's earnings \$1,250 and over." The investigators found that a very large proportion of the births of both native and foreign born mothers had not been registered (11.7), due not to defects in the state laws but to the fact that "the people of Saginaw are not interested." "The first step" recommended "is to awaken the public to the value of birth statistics and the need for better registration." Since two thirds of infant losses in the families included in the investigation "were primarily due to prenatal causes" more adequate prenatal care, especially for the inexperienced young mothers and in families in which the father's earnings are lowest, is recommended. Only three public health nurses were found in Saginaw and the work of these "rarely touched the neglected fields of prenatal and post-natal care."

The report contains an excellent appendix describing the methods and procedure used in this and other investigations of infant mortality by the Children's Bureau, which will be of interest to students in social investigations or to statisticians.

H. H. HIBBS, JR.

COULTER, C. W. *The Poles in Cleveland.* (Cleveland, O.: Cleveland Americanization Committee. 1919. Pp. 42. 10c.)

COULTER, C. W. *The Italians of Cleveland.* (Cleveland: Cleveland Americanization Committee. 1919. Pp. 43. 10c.)

DOERNIG, C. *Die Bevölkerungsbewegung im Weltkrieg. I, Deutschland. II, Oesterreich-Ungarn.* (Kopenhagen: Bianco Cuno. 1919. 3 Kr.)

FOERSTER, R. F. *The Italian emigration of our times.* (New York: Harvard Univ. Press. 1919. Pp. xx, 558. \$2.50.)

Immigration. An annotated list of the best available books. (New York: Methodist Book Concern. 1919. Pp. 6. 50c.)

Social Problems and Reforms

NEW BOOKS

ADAMS, E. K. *Professional women workers.* (New York: Harcourt, Brace, & Howe. 1919.)

ARONOVICI, C. *Americanization.* (St. Paul: Keller Pub. Co. 1919. Pp. 48.)

BARKER, J. M. *The social gospel and the new era.* (New York: Macmillan. 1919. Pp. 232. \$1.75.)

BROWN, W. A. *Christianity and industry.* (New York: Woman's Press. 1919. 40c.)

CARVER, T. N. *Government control of the liquor business in Great Britain and the United States.* Carnegie Endowment for International Peace. (New York: Oxford Univ. Press. 1919. Pp. 192.)

The sudden ending of hostilities defeated the purpose of this study, which was begun with the hope that its results would be useful in guiding our actions during the war. About four fifths of the volume is devoted to the experience of Great Britain, given in considerable detail.

Although there was a great deal of agitation over the use of grain in the manufacture of alcoholic liquors, public action during the first two years of the war was limited to the control of drunkenness, the maintenance of order, and the conservation of time ordinarily lost through drink. In 1916 the output of the breweries was limited by law and restrictions were placed on the use of grain, sugar, and molasses in the distillation of spirits. Nevertheless it became necessary to ease the situation in certain communities by allowing greater leniency in the manufacture and sale of liquor. Many Englishmen objected strenuously to the regulations. The various compromises and the apparent timidity of the government are aptly explained by the author in the statement: "Managing a great war is as much a demagogic as it is a military or an economic problem." Unfortunately the latest statistics used are for the first quarter of 1917 and therefore the information as to the final effects of the British policy is inconclusive.

The control of the traffic in the United States is discussed very briefly. There is a simple and telling statement of the general philosophy underlying the prohibition movement and of the reasons for its growth. The first American wartime restrictions related to the prohibition of the sale of intoxicating liquors in military camps and to the men in uniform. This action produced in the army a wonderful quality of orderliness and sobriety. The study mentions other measures, including the submission and ratification of the prohibition amendment.

As far as it goes this is an excellent study, but the reasons for its appearance at this time are not very clear. It came too late or too soon. Since it could not be completed before, why did not the Carnegie Endowment continue the study of the British experience so that the results might be given to the world.

GEORGE B. MANGOLD.

CLIFFORD, J., LORD LEVERHULME, and others. *The industrial future.* (London: Allen & Unwin. 1919. 2s. 6d.)

CLOPPER, E. N., director. *Child welfare in Kentucky. An inquiry by the national child labor committee for the Kentucky Child Labor Association and the State Board of Health.* (New York: National Child Labor Committee. 1919. Pp. 322. \$1.25.)

The general plan used by the National Child Labor Committee in its state surveys is followed in this inquiry. The chapters deal with health, schools, recreation, rural life, child labor, juvenile courts, and law and administration. It is much more incisive than the preceding reports, partly because of the conditions uncovered but probably also because of growing aggressiveness on the part of the investigators. It seems wise if a state neglects its children and refuses to pass laws or to enforce them, to say so and to jolt the people into a realization of their shortcomings. The report should accomplish this end. While not unkind nor carping in its criticism it clearly states the unwelcome facts and suggests for each problem an appropriate program of improvement.

The investigation revealed an enormous amount of disease, of illiteracy, and child labor. There is little medical inspection in schools, the school system is in politics, the spirit and meaning of the juvenile court law are not understood in many parts of the state and serious injustice is done to many children. Public authorities do not provide adequate recreational facilities for children, vulgar street carnivals are common, and the commercial recreations are largely unregulated. Kentucky has no state department of charities and therefore no system of state supervision. Many of the laws are clearly inadequate and should be brought up to the standardized form. On the other hand excellent work along some lines is being done in a number of the larger cities.

The report recommends the appointment of a commission to prepare a "children's code" that is to standardize and coördinate the state laws related to child welfare.

G. B. M.

DICK, J. L. *Defective housing and the growth of children.* (London: King. 1919. 3s. 6d.)

DOOLEY, W. H. *Principles and methods of industrial education; for use in teacher training classes.* (Boston: Houghton Mifflin. 1919. Pp. 257. \$1.60.)

DUNTON, W. R., JR. *Reconstruction therapy.* (Philadelphia: W. B. Saunders. 1919. Pp. 236.)

- EDWARDS, W. J. *Twenty-five years in the black belt.* (Boston: Cornhill Co. 1918. Pp. 143.)
- ELLWOOD, C. A. *The social problem; a reconstructive analysis.* (New York: Macmillan. 1919. Pp. 288. \$1.75.)
- FAIRFIELD, F. P. *Story of the city of works; a community of peace and plenty, where every man is his own policeman, a new order of government, anti-socialistic, free street cars and telephones, no middlemen, no capitalist class, all profit accrues to labor, farm and city life conjoined.* (Boston: Madison Ptg. Co., 21 Madison St. 1919. \$10.)
- FREEMAN, A., editor. *The equipment of the workers.* (London: King. 1919. 10s. 6d.)
- HADLEY, A. T. *The moral basis of democracy. Sunday morning talks to students and graduates.* (New Haven: Yale Univ. Press. 1919. Pp. vii, 206. \$1.75.)
- JACKSON, B. B. and others. *Thrift and success.* (New York: Century Co. 1919. Pp. 288. \$1.25.)
- KESTER, P. *Conservative democracy; principles and practice of American democracy.* (Indianapolis: Bobbs-Merrill. 1919. Pp. 82. \$1.)
- MASTERMAN, J. H. B. *Clerical incomes and the cost of living.* (London: G. Bell & Sons. 1919. 5s.)
- SCHARLIEB, M. *The relation of alcohol and alcoholism to maternity and child welfare.* (London: British Journal of Inebriety. 1919. Pp. 49.)
- SELBY, C. D. *Studies of the medical and surgical care of industrial workers.* Treasury Department. Public health bulletin no. 99. (Washington: Supt. Docs. 1919. Pp. 115.)
- SNEDDEN, D. *High spots in vocational education as reported from the several states. Future policies of the national society as suggested by members. Special bulletin prepared for use at the annual convention, Feb., 1919.* (New York: Nat. Soc. for Vocational Education. 1919. Pp. 24.)
- TALBOT, F. A. *Millions from waste.* (London: Fisher Unwin; Philadelphia: Lippincott. 1919. Pp. 309.)
- TISSIÉ, P. *L'éducation physique et la race. Santé, travail, longévité.* (Paris: Flammarion. 1919. Pp. 336. 4.55 fr.)
- WILDMAN, E., editor. *Reconstructing America. Views of the country's greatest thinkers and industrial geniuses.* (Boston: Page Co. 1919. Pp. 422.)
- WOODS, A. *Policeman and public. Yale lectures on the responsibilities of citizenship.* (New Haven: Yale Univ. Press. 1919. Pp. 78.)

- WRIGHT, F. S. *Industrial nursing. For industrial, public health, and pupil nurses, and for employers of labor.* (New York: Macmillan. 1919. Pp. 179.)
- Budget planning in social case work.* (New York: Charity Organization Society. 1919. 15c.)
- Child welfare handbook.* (New York: National Child Welfare Assoc. 1919. Pp. 35, 50c.)
- Citizenship.* (Madison: Wisconsin State Board of Vocational Education. 1919. Pp. 32.)
- Elementary adult education in the Los Angeles Schools.* (Los Angeles: City School District. 1919. Pp. 88.)
- Fifth annual report of the city planning board for the year ending January 31, 1919.* (Boston: City Planning Board. 1919. Pp. 40.)
- Houses or homes. First report, June, 1919.* (Cincinnati: Cincinnati Better Housing League. 1919. Pp. 32.)
- Laws of France, 1919. Town planning and reparation of damages caused by the events of the war.* Translation by ROSCOE POUND. (New York: National Civic Federation. 1919. Pp. 51.)
- List of references on vocational education.* (Washington: U. S. Bureau of Education. 1919. Pp. 16.)
- Minimum standards for child welfare adopted by the Washington and regional conferences on child welfare, 1919.* U. S. Department of Labor. Children's Bureau. Conference series no. 2. Bureau publications no. 62. (Washington: Supt. Docs. 1919. Pp. 15.)
- Report of the United States housing corporation. Vol. II, House, site-planning, utilities.* (Washington: Supt. Docs. 1919. Pp. 524, xix.)
- Report of the housing committee, including standards for inexpensive houses adopted for Ontario and typical plans.* (Toronto: Legislative Assembly of Ontario. 1919. Pp. 187.)
- Reports of special committee on housing, including a discussion of the continuance of present high prices.* (New York: Merchants Assoc. 1919. Pp. 23.)
- Standards of child welfare. A report of the Children's Bureau conferences May and June, 1919.* Conference series no. 1. Bureau publication no. 60. (Washington: Supt. Docs. 1919. Pp. 459.)
- Statistisk aarbok for Kongeriket Norge, 1918.* (Christiania: Statistiske Centralbyra. 1919. Pp. 210.)
- A study of wages in Norway is included.
- Twenty-ninth annual report and balance sheet to June 30, 1919.* (Glasgow: Workingmen's Dwellings Co. 1919. Pp. 4.)

Wisconsin laws relating to vocational education. (Madison: Wisconsin State Board of Vocational Education. 1919. Pp. 20.)

The work of the American Red Cross during the war. A statement of finances and accomplishments for the period July 1, 1917, to February 28, 1919. (Washington: American Red Cross. 1919. Pp. 90.)

Workingmen's standard of living in Philadelphia. A report by the Bureau of Municipal Research of Philadelphia. (New York: Macmillan. 1919. Pp. x, 125. \$2.25.)

Insurance and Pensions

Disabled Soldiers and Sailors Pensions and Training. By EDWARD T. DEVINE, assisted by LILIAN BRANDT. Carnegie Endowment for International Peace. Preliminary Economic Studies of the War, No. 12. (New York: Oxford University Press. 1919. Pp. vii, 471.)

Dr. Devine divides his material into four parts: the disabilities caused by the world war; historical summary of previous experience; current developments in certain countries; the new program. The degree and nature of the disabilities for which pension and training must be provided are indicated in the first part of the study, which gives an interesting review of the available data on the injuries sustained by the British, Canadian, and French soldiers. The largest proportion of injuries is the group including disablement of arms and legs; lung, heart and nervous diseases follow; while blindness and deafness make the smallest proportion.

A concise history of the earlier efforts to care for the disabled soldiers follows the introduction; the countries covered are France, England, and the United States. In the hope of finding suggestions for meeting the needs of disabled soldiers a chapter is devoted to reviewing the experience in caring for men disabled in civil occupations. The chapter on this subject includes some valuable data obtained in an original investigation in New York City. Here, and throughout the whole study, emphasis is placed on the mental attitude of the injured man and the need for awakening and stimulating the interest and ambition of the man who is likely to succumb to the tendency to sink into an attitude of indifference and lethargy.

Nearly 300 pages, practically two thirds of the entire volume, is given to tracing the development of the plans for the care of

the men disabled by the war in Great Britain, France, Canada, the enemy countries, and the United States. The authors have succumbed to the temptation of presenting the information on Great Britain at too great length, probably because the source material is so abundant; the chapter would have left a clearer impression on the reader if it had been reduced to half of its present size. The treatment of the experience of the United States is, however, an admirable statement of the development of events in this country. When it entered the war, the United States had the advantage of having available three years' experience of European countries in providing for the treatment, training, and placing of men disabled in military service. Like most countries we were but little prepared to take up the problem when it was thrust upon us. The medical departments of the Army and Navy have had charge of the men injured in their service and they had been to some extent equipped with the staff and general hospitals, to provide the traditional service of physical restoration. Theoretically this surgical service was for the purpose of restoring men to the fighting line, but the powers granted by the laws under which the Army and Navy acted were sufficiently broad to permit of almost any form of activity to restore men to wage-earning capacity. The departments at once drew up plans to meet the problem. The excellent description of the "reconstruction" plans of the Surgeon General's Office and its elaborate equipment shows in a gratifying manner the ability and earnestness of this office.

The problem of providing financial support for the injured men was taken up with the idea of finding a substitute for pensions in order to avoid the scandals which seem inevitable under the system. The analogy of men injured in civil occupations was used, the idea being that war was an extra hazardous occupation, and injuries sustained in it should be compensated in the same manner. The enactment of the well known Soldiers' and Sailors' Compensation and Insurance act finally determined the matter. The conflict between the new idea of compensation and the old idea of pensions, while the law was being put through Congress, is delightfully described. If the mental attitude of the legislators who passed this law is any indication of the future attitude of Congress towards pensions, the hope of eliminating this form of governmental bounty has but slight foundation.

The War Risk Insurance act did not provide for the training of the injured men, but left the subject for later legislation. The

provisions of the Vocational Rehabilitation act of June 27, 1918, met a more enthusiastic reception in Congress and the bill was adopted with but little discussion. The administration of this act is placed in the hands of the Federal Board for Vocational Education. Recently liberal appropriations have been made to carry out the purposes of the act, but it is too early to form any conclusions as to the extent and success of the plans now under way. The care with which these plans were drawn and the preliminary studies made in preparation for the work give every reason to expect excellent results.

The last section of the volume, part IV, is entitled *The New Program*; it is a general review of the whole problem, and forms a practically independent treatise. These 80 pages present the various phases of the questions of physical restoration, financial indemnities and economic reestablishment. The subjects are treated so clearly and interestingly that the reviewer recommends readers to take this part first and then go back to learn the steps which the various countries have taken to reach this stage. The constant wonder is that the leading nations had accomplished so little before the war in securing results which the concentrated efforts induced by this world catastrophe brought about with such relative speed. In the United States, at any rate, the number of persons disabled by industrial injuries has far exceeded those produced by the war, but the efforts at rehabilitation have been negligible.

The book is, of course, too long, and if some of the parts could have been condensed it would perhaps have reached a wider audience. But the volume is interesting from cover to cover and it is difficult to refrain from highly complimentary phrases in expressing one's admiration for the fine spirit of scholarly thoroughness with which it has been written. The wide experience of Dr. Devine in general social betterment, his personal contact with the injured people, with those engaged in the actual work of rehabilitation, with the methods in use, all presented with admirable clarity of style, make the volume a noteworthy addition to our knowledge of the subject.

HENRY J. HARRIS.

Washington, D. C.

A Refutation of False Statements in Propaganda for Compulsory Health Insurance. By COMMITTEE ON CONSTRUCTIVE PLAN,

SOCIAL INSURANCE DEPARTMENT, NATIONAL CIVIC FEDERATION. (New York. 1919. Pp. 43. 25c.)

The purpose of this pamphlet is to "sweep aside a mass of fictions, falsifications, guesses and unwarranted assumptions which stand in the way of the search for the truth" in regard to health insurance. The fictions, falsifications, etc., are statements made while advocating compulsory health insurance by certain persons, including John B. Andrews of the Association for Labor Legislation, Irving Fisher of Yale, Warren and Sydenstricker of the United States Public Health Service, Lillian D. Wald of the Nurses' Settlement, Joseph P. Chamberlain of Columbia University, I. M. Rubinow of New York, and a number of others. The "false statements" made by these men and women are refuted in part by quotations from the writings of Frederick L. Hoffman, vice president of the Prudential Insurance Company, by extracts from the Fabian committee's report on the British system, by quotations from W. A. Brend's *Health and the State*, from other authors and in part by statements prepared by the author of the pamphlet. Most of the quotations are from the writings of Dr. Hoffman.

The soundness of the arguments in the pamphlet can be tested by examining the quotations presented; this reveals, first, that many of them are but partial statements and, second, that they give quite a different impression from that intended in the original. Thus on page 15 is given an extract from the Fabian Society's report of 1914, quoted in such a way as to indicate that the report holds that the maternity benefit has failed of its purpose; no mention is made of the qualifying statement, "but this does not mean that the specific beginning of an 'endowment of maternity' which Mr. Lloyd George has effected . . . is not already proving an enormous boon" (p. 24). Some of the assertions go further and are but partial statements of fact; thus on page 15 "the average number of days compensated per sick member increased in Germany from 16.1 to 20.2" (between 1890 and 1913); but no reference is made to the law of 1902 which raised the minimum benefit period from 13 to 26 weeks and included certain diseases previously not compensated. In order to give the impression that malingering is a serious evil under the British system, a partial quotation is given of the results of examinations by medical referees in Ayrshire where "in other words, nearly one-half [of those receiving sick pay] were found fit for work" (p.

40). What is not stated is that the cases examined by the referees were persons whom the insurance officials suspected were not entitled to benefits and had called before the referee for examination. A similar referee report is given in the *National Insurance Gazette* for March 29, 1919, where the referee found, out of 105 cases sent to him by vigilant officials, that 62 per cent were fit for work; but to cite these figures without the text would give a false impression, as the referee states that in most of the cases (*i.e.*, the 62 per cent) "there were reasonable doubts with regard to the capacity or degree of capacity, possessed by the patients at the date of examination. . . . Most of the cases were admittedly on the thin borderline that divides capacity from incapacity for work" (p. 112).

Another type of misleading argument is to take British official reports and claim that they are "cold" towards the insurance system, or credit it with no assistance in solving certain problems, when as a matter of fact there is no reason for these reports to refer to the system in any way. Thus page 9 of the pamphlet (repeated on page 14):

"The *Final Report of the British Health of Munition Workers Committee*, April, 1918 (Bulletin 249 of the United States Bureau of Labor Statistics), is equally cold towards the Health Insurance. It credits that insurance with no evidence or data bearing on sickness. . . ." In its introduction (p. 9) the committee specifically express their thanks to the "Home Office (factory department), the Ministry of Munitions, the board of education and the national insurance commissioners for the assistance afforded the committee by the loan of their officers and the supply of information." The officer loaned was the head of the department of physiology of the research committee of the system. And where there was any occasion for it, suitable reference is made to the insurance system, as "the experience of insurance authorities confirms the same view" (p. 128) and "medical attendance is obtainable under the national insurance system" (p. 134). Section X of the report, "sickness and ill health," covers only eight pages, because the principal purpose of the investigation was to study conditions of work and output in munition establishments and only rarely did the committee's problem touch the subject of health insurance. The same type of assertion is found on page 8:

"Not a single commendatory reference to National Health Insurance can be found in any of the reports of the Registrar

General for all the years since the insurance took effect, nor in any of the large number of local health reports for representative cities and towns." It is not the function of the Registrar General to commend or condemn the social legislation of his country; although a number of important health laws were enacted in the period referred to, he commends none of them, and no one expects him to do so. As to the local health reports, the Medical Officer of Health of Birmingham sensibly remarks: "Among the schemes brought into existence in 1913 were the medical, sickness and maternity benefits under the National Insurance Act. In time it is probable that these will have a profound influence on the public health, but results must not be looked for in this direction for a good many years to come" (Report for 1913, p. 6). In various local health reports are statements showing as a matter of course the connection between the health work and the insurance system; but most officials naturally do not consider it their business to condemn or commend the system. Thus the Nottingham Health Officer states (Report for 1914, p. 93):

In my report for 1913, I was able to point to the marked reduction of mortality from tuberculosis in recent years, as evidence of the good effect of the energetic and methodical crusade against the disease carried on by public and private persons and bodies throughout the country, which had reached their most promising development in the Medical and Sanatorium Benefit provisions of the National Health Insurance Act.

The Liverpool Health Officer states (Report, 1916, p. 50):

It will be noted that the percentage of births occurring in work-houses and other institutions has diminished considerably. . . . It is probable that the payment of the maternity benefit under the National Insurance Act is accountable for this (Report for 1913, p. 6). In a later report he says: At the request of the Insurance Commission and the Local Government Board, special arrangements were made to give sanatorium treatment to soldiers and sailors. . . . In suitable cases, "extra nourishment," in the form of milk, eggs and meat extracts, are given to insured persons. . . .

One of the false statements which the pamphlet quotes is: "Compulsory insurance will stimulate the needed campaign for the prevention of illness." To which is answered, "This is an assumption unsupported by reason or experience" (p. 12). In the report of the Departmental Committee on Sickness Claims, one of the members, Miss Mary Macarthur, who is by no means satisfied with the British system, states that the act of 1911 "has done

great service in bringing to light a mass of suffering and a number of social evils, as to which the nation as a whole was ill informed or indifferent. It will now be substantially easier than in 1911, both on account of the new knowledge available and of the state of public opinion, to make adequate provision to advance the health of the community" (Cd. 7687, p. 78). A recent report of the Ministry of Reconstruction makes the same statement.

Another type of positive assertion is that on page 25: "Health insurance in Switzerland, except in one or two cantons, is voluntary. Since the Swiss system did not take effect until well in 1914, when normal operations were promptly disturbed by the war, there is as yet no evidence accumulated to show that it is successful or otherwise." The official reports of the Swiss system for 1914 and 1915 have been available in Washington for the last two years and others came in later. For the benefit of future editions of this pamphlet, it may be stated that the office in charge of the system, was created by the decree of December 12, 1912, operations of the office began on February 1, 1913, and the system began to operate on January 1, 1914. At present, six cantons have adopted compulsory systems. The success of any voluntary system can, in part, be estimated by the number of persons who, of their own accord, apply for admission to it; in 1914 the number of persons insured was 361,621; each year following showed an increase and at the end of 1917 the number was 530,329. The amount of federal subsidy granted increased correspondingly each year and for 1917 was 2,452,332.40 francs.

The tone of the pamphlet is extreme throughout; the statements of the persons named above are referred to as "malicious untruth," "rhetorical assertion," "pure demagogism," etc. A careful reading of the pamphlet is all that is necessary to convince one that there is a larger measure of truth in the statements so violently denounced than in this refutation.

HENRY J. HARRIS.

Effects of the War upon Insurance, with Special Reference to the Substitution of Insurance for Pensions. By WILLIAM F. GEPHART. Carnegie Endowment for International Peace. Preliminary Economic Studies of the War, No. 6. (New York: Oxford University Press. 1918. Pp. vi, 302. \$1.00.)

The volume may best be described as a compendium of infor-

mation on insurance presented in a thorough, scientific manner, with a careful analysis of the preliminary effects of the war.

The topics covered include the following forms of insurance: life, marine, fire, and social insurance, and pensions. At the time of writing (December, 1917) it was, of course, too early to discuss anything but the first effects of the war on these branches of insurance, but Professor Gephart has nevertheless succeeded in bringing together in compact form a wide range of information and has presented it in an interesting manner. The addition of a certain amount of foreign data has enabled him to draw some conclusions as to the effect of the war abroad as well as at home.

The general plan of the work is to give a statement of the information available on each branch of insurance and then to give the details for each country. Particular stress is laid on reproducing the text of laws, executive decrees, official statements, and especially the text of the policies used. Following these documents is usually given a brief analysis of their important features. At the close of each chapter the author summarizes the effects of the war on the branch of insurance treated.

The longest chapter, about 100 pages, is that devoted to life insurance, and this naturally forms the most important part of the discussion. The effect of the war on the finances of the companies is discussed under the captions of premium income, depreciation of securities, and increased taxation. The most serious of these is the depreciation of the bonds and other securities in which the reserves are placed; for some groups of conservative investments used by British companies, the depreciation has been as much as 25 per cent. The American companies have also felt keenly the changes in bond values; thus railroad bonds, a favorite type of investment, which yielded 4.10 per cent in 1903, declined so much in value as to show a yield of 4.91 per cent in 1917, while industrial bonds in this period increased in value so that the yield fell from 5.69 per cent to 5.25 per cent. Participation in liberty loan subscriptions has also meant a lower yield than the average secured by the companies. In general, the war has affected the finances of the life companies in a distinctly unfavorable manner and these influences will continue for a long time.

Prior to 1914 the history of life insurance in this country was marked by a progressive liberalization of the terms of the policy, caused principally by the competition between the companies. One feature of this movement was the conviction of the managers

of the companies that restrictions on military service were unnecessary. Of course, the action of the companies was by no means uniform, but at the beginning of 1914, companies having about 77 per cent of the insurance in force issued policies with no restrictions as to military or naval service, while companies with about 22 per cent had some kind of limitation in their policies. Beginning with the outbreak of the war, practically all the companies inserted in their policies some sort of war clause, calling for extra premiums in case of such service. No uniform rate was adopted, but typical rates used by certain prominent companies ranged from 50 to 100 dollars extra per 1,000 annually. In Great Britain, one of the largest companies charged from 8 to 15 per cent for the war risk; in Canada contracts were placed with four United States companies for large groups of enlisted men at an increase of 25 dollars per 1,000 above the usual rates.

Serious losses are expected from the mortality due to war, but at the time of writing no reliable estimates could be made of the loss from this cause.

Marine insurance was affected more directly and extensively than any other branch of insurance. However, as the governments of the leading countries all coöperated with the marine companies in caring for the war risk, the net result has been that the companies have been able to operate with even better profits than in normal times.

Fire insurance had to face a variety of new hazards; airplane raids, new industrial hazards, arising from the munitions industries, the moral hazards due to the presence of disaffected elements in the population are instances of new risks which could hardly be estimated on a scientific basis. Besides these factors, the increased costs of operation, the depreciation of securities, and the difficulty of raising rates supervised by state officials, added to the problems to be solved.

HENRY J. HARRIS.

NEW BOOKS

- BASVE, W. *History and operation of fraternal insurance.* (Rochester, N. Y.: Fraternal Monitor. 1919. Pp. 224. \$1.60.)
- BURNET, P. *The probable trend of life insurance production in the immediate future.* (Chicago: Assoc. of Life Agency Officers. 1919. Pp. 8.)

- BRUNN, P. *Welche Lehren ergeben sich aus der öffentlichen Angestelltenversicherung für die Sozialisierung der privaten Lebens-Versicherung?* (Berlin: Mittler. 1919. Pp. 26. 1 M.)
- DOUGHERTY, H. *Notes on deposit pension schemes.* (London: Effingham Wilson. 1919. Pp. 16. 2s.)
- DU PASQUIER, L. G. *Introduction à la science actuarielle.* (Paris: Gauthier-Villars. 1919. Pp. 176. 5 fr.)
- FLITCRAFT, A. J. *Life insurance manual; application agreements and complete policy forms of prominent life insurance companies, including the special contracts, war clauses, disability and double indemnity provisions.* Thirty-second annual edition. (Oak Park, Ill.: Author. 1919. Pp. 1187.)
- HARRIS, J. H. *Maternity benefit systems in certain foreign countries.* U. S. Department of Labor. Children's Bureau. Legal series no. 3. Bureau publications no. 57. (Washington: Supt. Docs. 1919. Pp. 206.)

Three general methods of providing maternity benefits are distinguished: the mother may be provided, both before and after confinement, with skilled nurses, medical attendance, and helpful advice; the state may on the birth of a child pay its mother a fixed sum; or some form of social insurance may be developed. The systems prevailing in the chief European countries and in Australia and New Zealand are each outlined and such points covered as origin of plan, occupations covered, persons included, benefits, sources of income, administration, operation, and opinions as to success of system. In most cases the benefits are limited to the wage-earning population and salaried workers. Workers earning more than a specified sum are usually excluded. The unmarried mother is generally allowed to participate as a beneficiary. The payments ordinarily vary from 50 per cent to 75 per cent of the wages received and continue for a period of from two to twelve weeks. In all countries except France, Italy, and Australia, the maternity aid is part of the health insurance system. The Australian plan is exceptional in that it provides for an allowance to every mother regardless of financial conditions. The grant, however, is limited to 5 pounds sterling.

The German system was established in 1883, but has been repeatedly modified since then. Although aid is restricted to the more poorly paid workers, under certain circumstances wives of insured men may gain maternity benefits. A cash benefit is furnished during a period of eight weeks, but medical and institutional care may be substituted. Provision is made for voluntary members of which there are a considerable number. The British system indicates a considerable advance in thought and deliberately provides maternity benefits not only for working women but for a large mass of the wives of working men. It assumes that pregnancy and confinement

increase the cost of medical service and that benefits are, therefore, needed. Usually the benefit is 30 shillings; under certain conditions this amount is doubled. In 1916 more than 6 million dollars was expended for maternity benefits. The cost to the workers averaged about 63 cents per individual man and 20 cents for each woman. In 1910 Italy established the first national compulsory maternity insurance system. Under this law, wage-earning women may receive an allowance of \$7.72. The recent French law provides for two types of benefits—a rest and hygiene benefit and a nursing benefit. The latter is intended to stimulate maternal nursing and thereby reduce the infant mortality. The women are not required to contribute to the pension fund. The laws in the smaller European countries are mostly of recent origin and follow the plans developed elsewhere.

A study of the legislation in these countries indicates that maternity benefits will constitute a permanent part of the insurance plan. They are generally regarded as successful, and voluntary systems are gradually being displaced by compulsory measures. The Children's Bureau does not advocate any plan for the United States but simply presents the operations of the laws in various countries, and Great Britain in particular, so that American readers may become conversant with this phase of social legislation.

GEORGE B. MANGOLD.

MANES, A. *Versicherungs-Staatsbetrieb in Ausland. Ein Beitrag zur Frage der Sozialisierung.* Third edition. (Berlin: Sigismund. 1919. Pp. iv, 128.)

VATKE, H. *Die Verstaatlichung des Feuerversicherungswesen.* (Berlin: Author. 1919. Pp. 111. 4 M.)

WARREN, B. S. *Sickness insurance: its relation to public health and the common welfare.* (Washington: Supt. Docs. 1919. Pp. 15.)

Annual cyclopedia of insurance in the United States, 1919. (New York: R. R. Caverly. 1919. Pp. 613.)

Fire insurance in New England for ten years, December 31, 1909-December 31, 1918, inclusive. Twentieth edition. (Boston: Standard Pub. Co. 1919. Pp. 253. \$7.50.)

Industrial pensions. (New York: Russell Sage Foundation Library. 1919. Pp. 4.)

Premiums and losses in the various states of the United States, Alaska, District of Columbia and Hawaii, reported to the National Board of Fire Underwriters, showing the premiums written and losses incurred on fire and lightning business only during 1917 and 1918. (New York: Nat. Board of Fire Underwriters, Actuarial Bureau Committee. 1919. Pp. 164.)

Proceedings of the thirteenth annual meeting of the Association of Life Insurance Presidents. (New York: 1919. Pp. 192.)

Proceedings of the National Convention of Insurance Commissioners, forty-ninth session, 1918. (Columbia, S. C.: F. H. McMaster. 1919. Pp. 213.)

Report of departmental committee on old age pensions. (Washington: Treasury Dept. 1919.)

Report of the Pennsylvania Commission on Old Age Pensions. (Harrisburg. 1919. Pp. 293.)

Rijksverzekeringsbank. Wetenschappelijke balans op 31 December, 1917. (Amsterdam: State Insurance Institute of the Netherlands. 1919. Pp. 114.)

Workmen's compensation supplement to department reports of Pennsylvania. (Harrisburg: Dept. Repts. Co. 1919. Pp. 1010.)

Pauperism, Charities, and Relief Measures

Justice and the Poor. By REGINALD HEBER SMITH. The Carnegie Foundation for the Advancement of Teaching, Bulletin No. 13. (New York: The Carnegie Foundation for the Advancement of Teaching. 1919. Pp. vi, 271.)

This report deals with the administration of the law as it affects the poor. Failure to obtain justice has tremendous effects. The author says, "It leads directly to contempt for law, and disloyalty to the government, and plants the seeds of anarchy." There is an amazing amount of injustice for which no redress is made, and as a consequence, the poor become embittered against law and American justice. The difficulties are not due to injustices in the body of the substantive law, which is fundamentally democratic, but to inequalities and defects in the administration of justice. There are three principal defects—delay, court costs, and fees and expense of counsel. Delay forces unfair settlements, prevents settlements, and often practically results in imprisonment for poverty. Court costs are not based on any definite principle. They deter the poor but not the rich. At best they are an anachronism. For the poor to appeal cases is an impossibility. Attorney's services are costly. The author estimates that 35 million persons in the United States are unable to pay any appreciable amount for such a purpose and that 8 millions live in the large cities where this inability may become a serious problem.

Part II deals with the agencies established to secure a fairer administration of the laws. These are classified as small claims courts, conciliation courts, arbitration, domestic relations courts, administrative tribunals, administrative officials, assigned coun-

sel, defenders in criminal cases, and legal aid organizations. Each of these agencies is discussed with examples of its establishment and services in various cities or communities: *e.g.*, the small claims courts have practically eliminated defects of administration of justice so far as small civil cases are concerned. Conciliation, which has been notably successful in certain European countries, has been introduced into the courts of several American cities, such as New York and Cleveland. Domestic relations courts are being established in many cities to cope with the domestic difficulties of the poor. These courts are more and more using the machinery of the criminal law, but not in its forbidding aspects. Their jurisdiction is being widened and they have developed a remarkable capacity for securing freedom and equality of justice. Administrative tribunals are typified by workmen's compensation commissions whose work has greatly reduced the need of costly attorneys. The poor accused of crime have been subjected to most serious forms of injustice. The author discusses the function of the public defender in behalf of the poor and concludes that this official furnishes the best immediate method for securing freedom and equality of justice to poor persons accused of crime.

Nearly one half of the report is devoted to legal aid organizations and their work. There are 41 of these agencies in the United States and they represent five distinct types, as follows: private corporation societies, public bureaus, departments of organized charities, and bar associations or law school societies. These organizations are conceived of as a second line of defense, constituted to protect the poor if the various special courts are unable to perform this function with unqualified success.

The field of legal aid work is constantly expanding, but certain subjects, such as divorce matters, should be avoided. When a clash occurs between assistance to the poor and competition with the bar, the interests of the poor should be given priority, nor should justice be denied if the person cannot pay the price fixed. In the cities the annual legal aid clientele numbers about one for every 75 inhabitants. It seems that the public bureaus approach a higher standard of efficiency than the other types of associations, but all suffer from lack of funds. The work also suffers from the lack of centralized control and effective leadership. The bar as a whole has been quite indifferent and has given little financial support. Laymen not lawyers have made the growth of legal aid

work possible. The movement must grow and perform an important function in securing justice for the poor.

This report is most timely in calling attention to one of the serious problems of the day. The wrongs and injustices from which the poor suffer are responsible to a considerable degree for the current social unrest. It is well, in this day of repressive measures, to obtain some information about the legal problems and difficulties of the poor that lead to bitterness and resentment. The author presents a dispassionate account of the forms of injustice and proposes a series of measures for the alleviation of these wrongs. The report should stimulate better methods of providing legal protection for all.

GEORGE B. MANGOLD.

St. Louis, Mo.

NEW BOOKS

NOBLE, J. *The law of charity trusts under Massachusetts decisions.* Second edition. (Boston: A. C. Getchell & Son, 185 Franklin St. 1919. Pp. 112. \$2.)

Organized love. Forty-second annual report of the Charity Organization Society of Buffalo. (Buffalo, N. Y. 1919. Pp. 38.)

Socialism and Co-operative Enterprises

Matériaux d'une Théorie du Prolétariat. By GEORGES SOREL. *Etudes sur le Devenir Social*, XV. (Paris: Marcel Rivière et Cie. 1919. Pp. 413. 7 frs.)

In this last publication of this remarkable man we see still more clearly his passion for metaphysical justification. The book is made up of articles mostly in print before the war. It had been rumored that Sorel had lost faith in syndicalism and had passed into tory reaction. How little this appears in the present volume may be seen in brief comments written as the war draws to an end. He says the events are too overpowering for any present estimate or measure. They have brought problems "que je n'oserais pas aborder en ce moment." But the victory of the Allies is the triumph for *la plutocratie démagogique*. They could not finish up their job "without trying to suppress Bolsheviks who filled them with terror. Even if the plutocracies crush the revolutionaries, shall we not have again the blood of the martyrs more fecund than ever? He reminds us that the massacres of 1848 and again in 1871 (which also crushed revolutionaries) had for result the

principle of class struggle in France. This "bloody lesson of events" is now given us again. But it is a world influence teaching the proletariat in all countries their real mission. Then, true to his syndicalist tradition, M. Sorel defines this mission as "l'idée de constituer un gouvernement de producteurs." With no hint of New Guild improvements, he closes "le cri: 'Mort aux Intellectuels,' si souvent reproché aux bolcheviks finera peut-être par s'imposer aux travailleurs du monde entier. Il faut être aveugle pour ne pas voir que la révolution russe est l'aurore d'une ère nouvelle."

In a preface of 50 pages and a longer chapter on l'Avenir socialiste des syndicats, are but restatements of ideas already familiar to readers of Sorel's books. He admits that the syndicalist leaders are not "tres grandes philosophes" but they are men "de sens et d'expérience" and know how to defy present political organizations as well as philosophers.

His scorn of Fabianism and of all socialism that has made itself respected burns with its old fire. Socialist literature, he says, is vague and more *débridé* than that of ordinary politicians. Socialists are now furnishing these politicians with material and with arguments to confuse every subject with which they deal. They are creating myths and illusions with which the bewildered masses are to be led they know not whither.

As in Gustave Le Bon's recent study of psychology applied to revolutions, we have a sharp reaction against the whole rationalist method of dealing with social changes and upheaval. Revolution is indeed a kind of fatalism or religious madness. This reveals the most dangerous weakness in this syndicalist philosophy. It treats the masses as children to be fed on myths. To think so ill of the "crowd-mind" and of Le Bon's "collective tyranny" is the most serious impeachment of the masses ever given us; serious because they never could know or select a leadership except of fanatics or of demagogues.

JOHN GRAHAM BROOKS.

NEW BOOKS

BRASSEY, LORD. *Co-partnership in mining*. Experiments in profit-sharing and co-partnership no. 3. (London: Labour Co-partnership Assoc., 6 Bloomsbury Sq. 1919. Pp. 16.)

BULLARD, A. *The Russian pendulum; autocracy, democracy, bolshevism*. (New York: Macmillan. 1919. Pp. xiv, 256.)

COMPÈRE-MOREL. *Le programme socialiste de réformes agraires*. (Paris: Rivière. 1919. Pp. 70. 1.25 fr.)

- DANNEBERG, K. *Karl Marx, the man and his work; constructive elements in socialism.* (New York: Radical Rev. Pub. Assoc. 1919. Pp. 122.)
- DERS. *Zur Vertiefung des Sozialismus.* (Leipzig: Der neue Geist Verlag. 1919. Pp. xv, 253. 8 M.)
- DESLINIÈRES, L. *Comment se réalisera le socialisme.* (Paris: Humanité. 1919. Pp. 72. 1.25 fr.)
- DORCHESTER, D., JR. *Bolshevism and social revolt.* (New York: Abingdon Press. 1919.)
- DUMAS, C. *La vérité sur les Bolchéviki.* (Paris: Riarchovski. 1919. Pp. 144.)
- EROSHKIN, M. K. *Soviets in Russia.* (New York: Russian Information Bureau. 1919. 35c.)
- FORSTER, H. W. *Coöperation with employees.* (Philadelphia: Independence Bureau. 1919. Pp. 15.)
- GLAISER, J. B. *The meaning of socialism.* (London: Nat. Labour Party. 1919. Pp. 245. 3s. 6d.)
- GOLDSTEIN, D. *Bolshevism: its cure.* (Boston: Boston School of Political Economy, 468 Mass. Ave. 1919. Pp. 414.)
- KEELING, H. V. *Bolshevism: Mr. Keeling's five years in Russia.* (London: Hodder & Stoughton. 1919.)
- LAIDLER, H. W. *Socialism in thought and action.* (New York: Macmillan. 1919.)
- LLOYD, J. W. *Is coöperative marketing of horticultural products applicable to Illinois conditions?* (Urbana: Univ. Ill. Agri. Ex. Sta. 1919. Pp. 238.)
- NAST, A. *Le régime juridique des coöperatives: principes coöperatifs et exposé synthétique de la législation.* (Paris: Rivière. 1919.)
- NATROWSKI, M. *Individual-Sozialismus.* (Leipzig: Der Neue Geist Verlag. 1919. Pp. 113. 5 M.)
- OPPENHEIMER, F. *Die soziale Frage und der Sozialismus.* (Jena: Fischer. 1919. Pp. 192.)
- POHLE, L. *Kapitalismus und Sozialismus.* (Leipzig: Teubner. 1919. 4 M.)
- POWER, R. *Under the Bolshevik reign of terror.* (New York: Robert M. McBride & Co. 1919.)
- SMITH-GORDON, L. and O'BRIEN, C. *Coöperation in many lands.* (Manchester, Eng.: Coöperative Union. 1919. Pp. 272. 5s.)
- SONNICHSEN, A. *Consumers' coöperation.* Introduction by JOHN GRAHAM BROOKS. (New York: Macmillan. 1919. Pp. xix, 223. \$1.75.)

"Beyond doubt," says Mr. Sonnichsen, "consumers' coöperation is an anti-capitalistic, revolutionary movement, aiming at radical social reconstruction based upon an all-inclusive collectivism." It has nothing in common with the self-governing workshop or the farmers' marketing organization nor any scheme which includes private profit, nor does it keep step with socialism when it comes to seeking political favor and advocating state administration of industry. It is this sharply limited coöperation of which Mr. Sonnichsen's book traces the early beginnings, the successful launching at Rochdale, England, in 1844, and the development in Great Britain, the continent, and America.

The warfare with capitalistic interests on the one hand, and on the other, the long contest with the Christian Socialists bent upon grafting on to the movement the self-governing workshop idea, make an interesting story. An account is given of the varying fortunes of coöperation during the war in different countries.

Of the second part of the book, Coöperation as a Factor in the Social Revolution, with chapter on Coöperation and Socialism and another on Coöperation and Labor, I can give no better idea than by presenting a few significant quotations. Based upon "the gradual development of consumers' coöperation from its nebulous beginnings a hundred years ago to its present status of a worldwide organization of over fifty million souls," he avers that "even those who may regard it with prejudiced eyes cannot deny that it is destined to be a big factor in the industrial and social reconstruction which must follow the war."

"In the economic arena it feels itself irresistible, competent to meet all attacks. Coöperation has no need to appeal to political action to establish itself." Its limits are recognized, "When coöperation has spread just so far as it can benefit human beings, it will stop, and be perfectly content to stop."

The author admits that, so far as labor is concerned, there will remain the question of relative wages to go to those of different occupations, but "under coöperation human society will be like one person laboring to supply its own needs, whether these needs are purely material, like bread and meat, or of a spiritual nature like art and music"; that since there is no private profit the worker will, as consumer, get the whole product of his labor.

The value of the book consists in its giving the most adequate exposition of consumers' coöperation yet given in this country,—a comprehensive story of the movement, the fullest in later years, and interesting suggestions as to future achievement.

EMERSON P. HARRIS.

SPARGO, J. *The enemy of political and industrial democracy.* (New York: Harper. 1919. Pp. 389. \$1.50.)

TAYLOR, S. *The guild state.* (London: Allen & Unwin. 1919. 4s. 6d.)

- TOWLER, W. G. *The nationalisation of British industry.* (London: Municipal Society. 1919. Pp. 24. 3d.)
- TROTZKI, L. *Disziplin und Ordnung werden die sozialistische Sowjet-Republik retten.* (Berlin: Gesellschaft & Erziehung. 1919. Pp. 23.)
- ULIANOV, V. J. *The state revolution.* (London: Allen & Unwin. 1919. 3s.)
- VAUCHER, R. *L'enfer Bolchévik à Petrograd sous la commune et la terreur rouge.* (Paris: Perrin. 1919.)
- WILBRANDT, R. *Sozialismus.* (Jena: Diedrichs. 1919. 15 M.)
- WILLIAMS, A. R. *Lenin. The man and his work.* (New York: Scott & Seltzer. 1919. Pp. 202. \$1.50.)
- Facts against socialism. A note book for speakers, writers and workers.* (London: London Municipal Society. 1919. Pp. 16.)
- The Labour Co-partnership Association, thirty-third report, 1918.* (London: Office, 6 Bloomsbury Sq. 1919. Pp. 32.)
- One hundred reasons why one hundred cities have changed from private to municipal ownership of their public utilities.* (Kansas City, Mo.: Burns & McDonnell. 1919. Pp. 16.)
- The people's yearbook and annual of the English and Scottish Wholesale Societies, 1919.* (London: Methuen. 1919. Pp. 381.)
- Teachable facts about bolshevism and sovietism.* (New York: Institute for Public Service. 1919. Pp. 31.)
- Que font les Bolchéviks.* (Lausanne: Assoc. A. Herzen. 1919.)
- Société pour l'étude pratique de la participation du personnel dans les bénéfices.* (Paris: 1919. Pp. 48.)

Statistics and Its Methods

NEW BOOKS

- FRANKEL, L. K. and DUBLIN, L. I. *Influenza mortality among wage-earners and their families.* (New York: Metropolitan Life Ins. Co. 1919. Pp. 742.)
- MUELLER, J. P. *Financial statistics of the leading industrial and mining companies in the United States for the fiscal years 1911, 1912, 1913, (pre-war period) compared with the fiscal years 1914, 1915, 1916, 1917, 1918 (war period).* (Washington: Federal Photolithograph Co. 1919. Pp. 175.)
- SAVORGNIAN, F. *La mortalità infantile alle varie età durante il primo anno di vita.* (Rome: Author, Piazza Barberini 12. 1919. Pp. 35.)
- VICINI, F. *Sulla misura della concordanza tra caratteri quantitativi.* (Rome: Athenaeum. 1919. Pp. 71.)

WARNE, F. J. *Chartography in ten lessons*. (Washington: Author, Southern Bldg. 1919. Pp. 159. \$5.)

First annual report of the Dominion statistician for the fiscal year ended March 31, 1919. The Dominion Bureau of Statistics: its origin, purpose, and organization. (Ottawa: Bureau of Statistics. 1919. Pp. 51.)

Central electric stations in Canada. Census of industry, 1917. Part I, Statistics. (Ottawa: Dominion Bureau of Statistics. 1919. Pp. 70.)

Decennial census of Massachusetts, 1915. Part IV, Occupations. (Boston: Bureau of Statistics. 1918. Pp. 44.)

Financial statistics of states, 1918. (Washington: Bureau of the Census. 1918. Pp. 123.)

New Zealand official yearbook, 1918. (Wellington: Census & Statistics Office. 1919. Pp. 837.)

Official yearbook of the Commonwealth of Australia, containing authoritative statistics for the period 1901-1915 and corrected statistics for the period 1788 to 1900. (Melbourne: Bureau of Statistics. 1919. Pp. 1179.)

This yearbook contains well digested chapters on many phases of social and industrial life. The material is illustrated by graphs expressed with exceptional clearness.

Pocket compendium of Australian statistics. Fifth issue. (Melbourne: Bureau of Statistics. 1919. Pp. 138.)

Results of a census of the Dominion of New Zealand taken for the night of the 15th October, 1916. Part IX, Occupations and unemployment. Part XI, Dwellings. (Wellington. 1918. Pp. 174, 52.)

Save the youngest. Seven charts on maternal and infant mortality, with explanatory comment. Children's year follow-up series no. 2. Bureau publication no. 61. (Washington: Children's Bureau. 1919. Pp. 15.)

Statistisches Reichsamt. Abteilung für Arbeiterstatistik. Die Verbände der Arbeitgeber, Angestellten und Arbeiter im Jahre 1916 und im Jahre 1917. (Berlin: Reichs-Arbeitsblatt. 1919. Pp. 65.)

DOCUMENTS, REPORTS, AND LEGISLATION

Industries and Commerce

VALUATION AND DEPLETION OF OIL LANDS. The Bureau of Mines, Department of the Interior, has recently issued Bulletin 177 entitled, *The Decline and Ultimate Production of Oil Wells, with Notes on the Valuation of Oil Properties*, by Carl H. Beal. This paper consists of 215 pages, is well indexed, and contains much material of an economic character, in addition to some which will be of special interest only to those familiar with the technical aspects of the oil industry. To be noted especially is the exhaustive study made of the use of appraisal curves for the valuation of oil lands. Petroleum engineers who have not secured a fundamental knowledge of the principles of valuation will welcome this treatise. Moreover, the period of richest productivity of oil being past, it is becoming more necessary for investors in oil lands to base their calculations upon scientific methods of determining present values, which are, of course, dependent upon future productivity, in any given instance. The bulletin is roughly divided into two parts. The first part treats of methods of estimating the future and ultimate production of oil properties and of the application of these methods to oil land valuation. The second part gives specific information regarding the decline and ultimate production of important oil fields in the United States.

Of especial interest to the economist are the notes on the valuation of oil lands (pp. 80-103). These deal, first, with the general principles of oil land appraisal and, second, with the methods of computing depletion for purposes of taxation. The determination of the present value of an oil property involves a rather complicated series of calculations, which, furthermore, are affected by the element of uncertainty which is always present to a greater or less degree. In general, the question is one which involves the determination of the present value of deferred profits for a period of years. Future net receipts are controlled by (1) future annual production, (2) future cost of development, (3) future cost of production, (4) future price of oil, (5) rate of amortization of capital, and (6) salvage value of equipment. The bearing of these factors upon the question of valuation is carefully considered. The problem may be stated briefly thus: "The purchase value of a property is the sum that will be paid back with interest to the investor before the oil is exhausted, and it is governed by all the conditions that control oil production." In other words,

present value is the present worth of deferred receipts. A purchaser of oil lands expects that his capital will be returned together with interest thereon commensurate with the risk involved.

The development of the principles followed by the Treasury Department in taxing incomes derived from investments in oil lands is described fully. The method first adopted made the reduction in flow of one year as compared with the flow of the preceding year the basis of the deduction for depletion. The fallacy involved in this procedure becomes evident when we consider the possibility of an *increased* flow in a property undergoing development. Now, however, if the probable recovery of oil can be estimated, the deduction permitted is such a percentage of invested capital as the year's production is of the probable ultimate production.

EARL A. SALIERS.

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THE INDUSTRIAL COMMISSION OF NORTH DAKOTA. The source of authority or the controlling machinery in the experiment in state ownership, or what is termed "the new day," in North Dakota is found in the Industrial Commission created by the North Dakota Legislative Assembly of 1919 and ratified by a referendum vote of the state in June, 1919. The commission is composed of the governor, the attorney general, and the commissioner of agriculture and labor of the state of North Dakota. Two members constitute a quorum for the transaction of business, but the governor's approval of all orders, rules, regulations, by-laws, and written contracts, adopted or authorized by the commission, is necessary, and such acts are not in force unless approved and signed by him. The governor is thus the hinge on which the work of the commission turns.

The Industrial Commission thus created is empowered and directed to manage, operate, control, and govern all utilities, industries, enterprises, and business projects, now or hereafter established, owned, undertaken, administered, or operated by the state of North Dakota, except those carried on in penal, charitable, or educational institutions. To that end the act creating the commission gives it power, in the exercise of its sound judgment, and directs it to determine the location of such utilities, industries, enterprises, and business projects, and to acquire necessary properties by purchase, lease, or exercise of the right of eminent domain. The power of buying, selling, altering, changing, and promotion is thus placed in the hands of the commission, which is given a blanket power to engage in any kind of business.

The funds for the creation of these enterprises are to come from the sale of state bonds in such amounts and in such manner as may be provided by law. Another act has provided for the issuance of bonds of the state of North Dakota to be known as "bonds of North Dakota mill and elevator series." To this must be added the appropriation out of the general fund of the state of \$200,000, or so much thereof as may be necessary to carry out the act creating the Industrial Commission. Provision is made for accumulating a fund to repay this appropriation from the general funds of the state by directing the commission to fix rates and charges with that end in view. To this must be added the power of the Bank of North Dakota to transfer funds to other departments, institutions, utilities, enterprises, and all industries of the state. The bank itself is under the supervision of the commission.

The Industrial Commission has, also, power to appoint managers and subordinates for all business enterprises entered into and to remove and discharge any and all persons thus appointed.

Under the power granted the Industrial Commission a flour mill has been established at Drake and several lignite coal mines are being operated. A mammoth terminal elevator and flour mill is planned and several places are competing for its location. A citizen of Grand Forks has offered a free site if the elevator and mill is located there. It is said that some who do not have much faith in the economic soundness of state ownership and direction reason that their own city ought to have the benefit of such an enterprise if one is to be established. The success of this whole plan depends, of course, upon efficiency of management and fidelity to sound business principles on the part of men chosen to direct the various state enterprises.

GEORGE M. JANES.

The federal Bureau of Foreign and Domestic Commerce has issued:

Special Agents Series:

- No. 182, *The Lumber Market in Italy and Reconstruction Requirements*, by N. C. Brown (Washington, 1919, pp. 184).
- No. 183, *Furniture Markets of Argentina, Uruguay, Paraguay, and Brazil*, by H. E. Everley (pp. 130).
- No. 184, *Electrical Goods in Argentina, Uruguay, and Brazil*, by P. S. Smith (pp. 133).

Miscellaneous Series:

- No. 97, *Training for Foreign Trade*, by R. S. MacElwee and F. G.

Nichols (pp. 195). This pamphlet is of unusual value to the student. It contains outlines of courses relating to sales practice, foreign-trade paper work, commodities of world commerce, foreign correspondence, packing for export, foreign advertising, foreign exchange, ocean transportation, ports and terminal facilities, history of commerce, consular procedure, tariffs and commercial treaties, export combinations and the Webb law. With each outline there is a brief bibliography. A second part of the volume deals with outlines and bibliographies relating to different foreign countries.

The Tariff Commission has published in Tariff Information Series No. 10, *Cotton Venetians: Import Trade and Domestic Production* (pp. 83); also *Information concerning Dumping and Unfair Foreign Competition in the United States and Canada's Anti-Dumping Law* (pp. 45). They were prepared for the use of the House Committee on Ways and Means (Washington, 1919, pp. 45).

The *Third Annual Report of the United States Tariff Commission*, 1919 (pp. 64) contains lists of the unprinted studies of commodities which have been prepared by the commission.

The Information and Education Service of the United States Department of Labor has brought together in *Economics of the Construction Industry* the results of an investigation covering several months in the early part of 1919. There are chapters on: Cost and supply of construction materials; Labor and wages in the construction industry; Sources and supply of capital; Rents and land values; and a bibliography of some ten pages. The volume also contains an article by Professor Irving Fisher on The new price revolution.

The *Annual Report of the Director of the Bureau of Foreign and Domestic Commerce, 1919* (Washington, pp. 82) refers to an investigation of the financial situation in England which is being made for the bureau by Mr. H. F. Grady.

The United States Department of Agriculture has published Bulletin 798, *A Survey of the Fertilizer Industry*, by E. A. Goldenweiser (pp. 29), which contains maps of the United States illustrating location of plants and volume of production, also a bibliography; and Bulletin 806, *Peaches: Production Estimates and Important Commercial Districts and Varieties*, by H. P. Gould and Frank Andrews (1919, pp. 35).

The United States Geological Survey is issuing advance parts of the *Mineral Resources of the United States in 1917*. There have appeared *Natural Gas and Natural-Gas Gasoline in 1917*, by J. D. Northrup; *Coke and By-Products in 1916 and 1917* (pp. 64), by C. E. Leshner and W. T. Thom; *Coal in 1917, Part B, Distribution and Consumption* (pp. 57).

A considerable amount of first-hand material is to be found in the hearings before the House Committee on Agriculture on *Cold-Storage Legislation*. This contains a compilation of state laws relating to cold storage and reports of the United States Food Administration for 1918. The hearings were held August 11-26, 1919, and appear in eleven parts (Washington, 1919, pp. 909).

The Federal Trade Commission, in its series of Cost Reports has issued one on *Copper* (June 30, 1919, pp. 26).

To the data with regard to government control of the meat-packing industry already referred to in the REVIEW (June, p. 390; Sept., p. 880, 1919) may be added the hearing before the Committee on Agriculture and Forestry, United States Senate, on bill 5305 *To Stimulate the Production, Sale and Distribution of Live Stock and Live-Stock Products*, which is published in two parts (pp. 2, 108).

A Committee on Statistics and Standards of the Chamber of Commerce of the United States of America has for some years been making a serious attempt to analyze the relation of business and weather, with particular reference to the distribution of rainfall and temperature. Obvious examples of the influence of weather are as follows: Fewer refrigerators are sold in a wet and cold summer. If the temperature be high, the demand for electric fans is greater; so too in the Corn Belt for knives.

In its more recent report, *The Relation of Weather and Business in regard to Temperature* (pp. 12) issued November 7, 1919, it is stated that weather charts show that meteorologic causes which produce extremes of heat and cold in any one season cause their persistence and recurrence in the same season; that, in the main, cold winters are followed by cool summers; that a succession of two hot summers is likely to be followed by a flock of from three to four summers of more moderate temperatures; and that cold winters are associated in groups, three or four following each other. Manufacturers and distributors are advised to bear in mind the foregoing weather principles in planning business campaigns.

The National Society for Vocational Education (140 West 42d St., New York) has issued a series of bulletins: No. 29, *Commercial Education*; No. 30, *Industrial Education*; No. 31, *Agricultural Education*.

The United States Council of National Defense, under date of May 1, 1919, has prepared a pamphlet on *Readjustment and Reconstruction Information*, devoted to activities in foreign countries (Washington, pp. 188).

Corporations

The Equitable Trust Company of New York has prepared *Analyses of the Esch and Cummins Railroad Bills* giving the essential points in parallel columns.

The Guaranty Trust Company of New York has prepared a bulletin under date of October 28, 1919, on *New Railways in Foreign Countries*.

Labor

The federal Bureau of Labor Statistics has published the following bulletins:

No. 251, *Preventable Death in Cotton Manufacturing Industry*, by A. R. Perry (Washington, October, 1919, pp. 534).

No. 252, *Wages and Hours of Labor in the Slaughtering and Meat-Packing Industry, 1917* (August, 1919, pp. 1,114).

No. 261, *Wages and Hours of Labor in Woolen and Worsted Goods Manufacturing, 1918* (pp. 93).

The hearings before the Senate Committee on Education and Labor relating to the *Investigation of Strike in Steel Industries* appear in two parts (Washington, 1919, pp. 1,051). These hearings were held during the months of September and October, 1919.

This committee has also submitted its report on *Investigating Strike in the Steel Industry* (Report No. 289, 66 Cong., 1 Sess.).

A *Preliminary Statement of the Industrial Conference* called by the President has been printed (Washington, 1919, pp. 12).

Miss Laura A. Thompson, of the United States Department of Labor Library, has prepared nine pages of mimeographed sheets giving references to recent literature on *Collective Bargaining*.

The California State Library has compiled *Labor Laws of California* (San Francisco, 1919, pp. 261).

There has also been compiled *Labor Laws of Minnesota* (Department of Labor and Industries, St. Paul, pp. 184).

Bulletin No. 128 of the Bureau of Statistics of Massachusetts contains the *Ninth Annual Report on Union Scale of Wages and Hours of Labor in Massachusetts, 1918* (Boston, Oct. 1, 1919, pp. 1410).

Among recent labor reports which have been received are:

Annual Report of the Industrial Commission of New York for year ending June 30, 1918 (Albany, 1919, pp. 261).

Thirty-sixth Annual Report of the Department of Labor of Michigan (Lansing, 1919, pp. 766).

The Twenty-second Annual Report of the Bureau of Labor and Statistics of Virginia (Richmond, 1919, pp. 48).

Biennial Report of the Bureau of Labor of West Virginia, 1917-1918 (pp. 99).

General Report of the Minister of Public Works and Labour of the Province of Quebec for the year ending June 30, 1919 (Quebec, pp. 200).

Money, Prices, Credit, and Banking

The War Industries Board has issued a long series of Price Bulletins, prepared under the supervision of Wesley C. Mitchell. No. 1 is *History of Prices during the War* (pp. 95). Other bulletins deal with a great variety of commodities among which may be mentioned a few of the most important: tea and coffee, dyestuffs, rubber, paper, iron and steel, coal and coke, petroleum, lumber, wool and wool products, hides and skins, cotton, prices of foods, clothing, building materials, feed and forage, wheat and wheat products, corn and corn products, sugar.

The hearings before the Committee on Banking and Currency, United States Senate, on *The Nomination of John Skelton Williams* have been printed (Washington, 1919, pp. 1,058). Considerable evidence deals with the handling of government deposits in different banks.

The Comptroller of the Currency has issued some charts on *Net Earnings of the National Banks of the United States 1874-1919; Reduction in Failures of National Banks, 1874-1919; Growth of Resources, Deposits, Capital Surplus, and Undivided Profits since 1914 compared with Preceding Forty Years*.

The Postmaster General, under date of December 1, 1919, has transmitted a letter to the House of Representatives on *Operations of the Postal Savings System* (Washington, pp. 44).

The Annual Report of the Director of the Mint for 1919 (Washington, pp. 300) contains statistics relating to the production of precious metals during 1918.

The United States Council of National Defense has published an *Analysis of the High Cost of Living Problem*, submitted by Grosvenor B. Clarkson (Washington, Aug., 1919, pp. 23).

The subject of the *High Cost of Living in the District of Columbia* (Washington, 1919, pp. 990) contains a considerable amount of statistical material relating to prices. These hearings have been summarized in a *Summary and Review* (pp. 32).

The subject of the cost of living has also been taken up by the House Committee on Agriculture in two parts covering hearings on *Amendments Proposed to the Food Control Act* (Washington, 1919, pp. 92).

The *Annual Report of the Commissioner of Banking of New Jersey for 1918* (pp. 38) has been received.

Public Finance

OHIO TAX REPORT. Ohio's tax problems have long been of wide general interest and have been treated officially in a series of excellent reports. The one under review (*Report of the Special Joint Taxation Committee of the Eighty-third Ohio General Assembly*, Columbus, 1919, pp. 165) does indeed bear witness to necessary haste in its preparation, but its grasp of essential problems is sure and its sense of the political situation to be met seems to be good. The report was mainly written by the economic advisor of the committee, Professor H. L. Lutz of Oberlin College, who has also contributed an appendix on the Operation of State Income Taxes.

Almost as much interest attaches to the introductory chapters as to the recommendations of the report. In a chapter on the financial situation the conclusion is reached that the present system of providing the state's revenues from certain segregated sources is breaking down and that adequate provision for schools, health supervision, and road construction would add the last straw. As matters stand, an annual deficit of from \$1,000,000 to \$4,000,000 in the general revenue fund is expected. The committee is not inclined to give credence to the oft-repeated charges that local government in Ohio is unwarrantably extravagant. Instead, it concludes that the recent growth of expenditures has been in the main inevitable and it believes that the tax rate limit laws have not permitted the proper conduct of local governmental activities. With respect to schools, the heartening statement is made that "there must be for all school districts a greater recognition of the state's obligation for the proper support of education." In comment-

ing on the rapid growth of local debt the committee says: "We have pursued a policy of comparative indifference to the rate of debt creation but of rigid restriction upon the ability of a community to pay off its debts." In view of the great popularity of the Smith tax rate limit law the committee is courageous as well as correct in holding its rigid limitations partially responsible for the recent growth of local debts. But the committee does not venture to propose any serious modification of those limitations.

In any proposal for adjustment of the Ohio revenue system to meet the financial situation thus set forth, the general property tax must be accepted as the head of the corner. The overwhelming defeat of the proposed classification amendment last fall made that abundantly clear. For this reason and because the revenue sources heretofore segregated to the state are believed to be wanting in both adequacy and elasticity, the committee turns to a state levy of 1.7 mills on general property in its search for means for relief of the schools. Together with a local tuition levy of 1 mill and authorization of a special levy not exceeding 2 mills outside the 15 mill limit, the relief afforded should be reasonably adequate. Similar relief is not afforded the universities, which under the legislation proposed must hereafter look exclusively to the general fund in lieu of the present millage tax supplemented from the general fund.

The committee proposes to replenish both state and local highway funds by means of progressive license fees for motor vehicles. The general state fund will be fed from the state's half of the new inheritance tax, which applies to direct as well as collateral heirs at progressive rates. There is also proposed a new individual income tax which is estimated to yield \$8,000,000, of which one fourth would accrue to the state. Since this tax cannot under the constitution be a substitute for the general property tax, but is levied in addition to it, the rates proposed are low—1 per cent on the first \$4,000 above the personal exemption and 2 per cent on any remainder. The possible advantages of this additional levy as a differential tax do not appear to have been considered by the committee. The proposed measure is similar to the New York income tax law but would apply to residents only and would not tax stock dividends nor appreciation of capital assets covering more than three years (except when reported on an inventory basis). In case of realization of appreciation, the income would be deemed to have accrued uniformly¹ throughout the period covered and would be taxed at rates applicable to those years.¹

¹ The income tax bill has failed of passage in the legislature.

The committee also recommends a somewhat elaborate constitutional amendment concerning the limitation of local debts, although it concludes that it is not now feasible to establish the right sort of administrative control. Under the amendment the maturity of the debt would be limited to the probable life of the improvement but not exceeding 40 years, nor 8 years in the case of emergency debts. The net general debt, excluding special assessment bonds, bonds issued for self-sustaining public utilities, and certain emergency bonds, would be limited to a percentage of the assessed valuation of real estate varying from $1\frac{1}{2}$ per cent in the case of townships to $4\frac{1}{2}$ per cent in the case of municipal corporations. It is impossible to foretell how these limits would work out. In some cases they would permit further debt increase. In others, special provisions made to secure elasticity would have to be availed of at once. But in their simplification of the present restrictions and exceptions, the proposed limitations are wholly commendable.

The most important omission in the recommendations concerns the revision of corporation taxes; but there are plausible reasons for this. Perhaps the most significant feature of the report as a whole is the frank recognition of the intimate relation existing in Ohio between tax rate limitation and local debts. Heretofore officials have been somewhat prone to minimize this relation. It augurs well for Ohio that the committee has set this matter in its true light.

O. C. LOCKHART.

Hearings before the Select Committee on the Budget of the House of Representatives on the *Establishment of a National Budget System* have been printed in a volume of 788 pages (Washington, 1919). Among the witnesses who gave extended testimony are W. F. Wiloughby (pp. 47-102); John T. Pratt, president of the National Budget Committee (pp. 102-148); Samuel M. Lindsay, vice chairman of the National Budget Committee (pp. 148-175); Charles W. Collins (pp. 199-232); Walker W. Warwick, Comptroller of the Treasury (pp. 232-257); Charles A. Beard (pp. 307-316); Ex-President Taft (pp. 464-485); Secretary Glass (pp. 486-514); Frederick A. Cleveland (pp. 514-558); William H. Allen (pp. 558-586).

The Bureau of Internal Revenue has issued a bulletin on *Average Percentages of Pre-War Income to Pre-War Invested Capital of General Classes of Corporations*, grouped as to trades or businesses, as provided for in section 311 (c) (2), Revenue Act of 1918 (pp. 13).

The same bureau has prepared a compilation of *Statistics of Income* based on the returns for 1917 (Washington, pp. 133).

The *Annual Report of the Secretary of the Treasury on the State of the Finances* for the fiscal year ended June 30, 1919 (Washington, pp. 719), contains a large amount of documentary material in regard to the several bond issues.

Bulletin No. 186 of the Special Agents Series, published by the Bureau of Foreign and Domestic Commerce, relates to *Chinese Currency and Finance* (Washington, 1919, pp. 57).

The November, 1919, issue of *State Finances*, published by the state comptroller of New York, is entitled *Income Tax Explained*.

The Wisconsin Tax Commission has prepared a fourth edition of *The Wisconsin Income Tax Law with Explanatory Notes* (Madison, 1919, pp. 82).

Insurance and Pensions

The Children's Bureau of the United States Department of Labor has issued *Maternity Benefit Systems in Certain Foreign Countries*, by Henry J. Harris (Washington, 1919, pp. 206), which has a bibliography of 12 pages; also *Laws relating to "Mothers' Pensions" in the United States, Canada, Denmark, and New Zealand*, by Laura A. Thompson (pp. 316), which has a bibliography of 40 pages.

The subject of *Marine Insurance* is considered in Hearings before the Subcommittee on the Merchant Marine and Fisheries, in four parts (Washington, 1919, pp. 354).

The Industrial Accident Commission of California has compiled *Workmen's Compensation, Insurance and Safety Laws of the State of California*, effective July 22, 1919 (San Francisco, pp. 71).

Annual reports have been received as follows:

Second Report of the Oregon Industrial Accident Commission (Salem, 1919, pp. 127).

Biennial Report of the Nevada Industrial Commission reviewing the administration of the Nevada industrial insurance act, 1916-1918 (Carson City, 1919, pp. 40).

Statistics

Birth Statistics for the Birth Registration Area of the United States, 1917, Third Annual Report (Washington, Bureau of the Census, 1919, pp. 299), contains a wealth of material illustrating birth rates for dif-

ferent states in the registration area and the relation between birth rate and rate of infant mortality and between birth rate and the racial composition of the population. The population in the birth registration area in 1917 is estimated at 55 millions or approximately 53 per cent of the total estimated population in that year. Nine states during the year were added to the registration area. The birth rate for the registration area considered is 24.6 per thousand population. The mortality rate of infants under one year of age was 94 per thousand. The excess of births over deaths was 0.5 per thousand, representing an increase in population of a little over 1 per cent. The first and second children form 50 per cent of all children born to native white mothers, and only 39 per cent of children born to foreign born mothers, showing that the fecundity of foreign mothers is greater than of native born mothers. A table is given comparing the birth rate of the United States in 1917 with that of more than 25 other countries. The number of births per thousand deaths in the United States was 174; in England and Wales (1916), 154; in France (1912), 108; in the German Empire (1913), 183.

Mortality Statistics, 1917 (Washington, 1919, pp. 597) is the eighteenth volume on mortality statistics prepared by the Bureau of the Census. It covers 72.7 of the total estimated population. The death rate in 1917 for the area considered was 14.2 per thousand of population.

The Decennial Census, 1915, of Massachusetts, taken under the direction of Charles F. Gettemy, director of the Bureau of Statistics (Boston, 1918, pp. 749) has appeared in bound form. The five parts deal with: General introduction and population tables; Composition and characteristics of the population; Nativity, color, or race, illiteracy, political condition, ages, and conjugal condition; Occupations; and The census of fisheries and commerce; and Appendices.

The Twenty-seventh Annual Report of the Maryland State Board of Labor and Statistics, 1918 (Baltimore, 1919, pp. 306) contains a section on War and Other Statistics (pp. 279-299) in which are tables and explanations of the world war debt, cost of the war, battle deaths, physical condition of soldiers of Maryland, church statistics, rate of deaths from influenza and pneumonia in 1918, and cost of living.

PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish and Swedish periodicals.

Theory

(Abstracts by Arthur N. Young)

- ARIAS, G. *Les idées économiques et sociales de Guiseppe Mazzini*. Rev. d'Econ. Pol., May-June, 1919.
- BARNES, H. E. *Two representative contributions of sociology to political theory: the doctrine of William Graham Sumner and Lester Frank Ward*. II. Am. Journ. Soc., Sept., 1919. Pp. 20.
- DAVIDSON, J. *One of the physical foundations of economics*. Quart. Journ. Econ., Aug., 1919. Pp. 7. Discusses the physical basis of the principle of diminishing returns.
- FOREMAN, C. J. *A division among theorists in their analysis of profits*. Quart. Journ. Econ., Nov., 1919. Pp. 13. An essay on the use of the concept of profits. Emphasizes the "dynamic efficiency" services of the entrepreneur.
- FOREMAN, C. J. *Contractual growth of unearned profits*. Columbia Law Rev., May, 1919. Pp. 25. A discussion of the principles involved in certain legal decisions respecting the right of contract in its relation to monopoly and competition.
- MACKINTOSH, W. A. *The application of economic theory to prices in the light of war experience*. Econ. Wld., Aug. 16, 1919. Pp. 3. Further knowledge should be sought of the forces interfering with free competition.
- NOURSE, E. C. *Normal price as a market concept*. Quart. Journ. Econ., Aug., 1919. Pp. 20. The normality of any given price should be measured by the degree to which it is in conformity with the entire market situation existing.
- RIST, C. *La doctrine sociale de Lénine*. Rev. d'Econ. Pol., Sept.-Oct., 1919. Pp. 13. An analysis of Lenine's views based upon his writings before his accession to power in Russia. M. Rist points out that it is a cardinal doctrine of Lenine's social philosophy that the state, which has been the agency by which the privileged few exploit the masses, should under the proletarian dictatorship become the agency by which the privileged few are in turn exploited for the benefit of the masses.
- ROSS, E. A. *Institutional competition*. Am. Journ. Soc., Sept., 1919. Pp. 13. Develops the thesis that competition among institutions tends toward social progress.
- SIMPSON, K. *Price-fixing and the theory of profit*. Quart. Journ. Econ., Nov., 1919. Pp. 22. Considers American wartime experience with price fixing, with special reference to the attention which price fixers gave to cost of production.

Economic History, United States

(Abstracts by Amelia C. Ford)

- ALBIG, W. E. *Early developments of transportation on the Monongahela River*. Western Pa. Hist. Mag., Apr., 1919. Pp. 10. Shows with abundant statistics how important a part of the huge traffic pouring along the old National Road before 1850 was borne by this water highway between Brownsville and the Ohio, and of the various state improvements in its navigation.
- BARCE, E. *Old Chicago trail and the old Chicago road*. Indiana Mag. Hist., Mar., 1919. Pp. 14. Shows, by tracing the course of each, that the old Potawatomie trail from the Wabash to Chicago and the old Chicago road are identically the same, and describes the hardships of travel over this route in early days when the pioneers transported their produce and cattle to the Chicago market.
- BRADLEE, F. B. C. *Some account of steam navigation in New England*. Essex Inst. Hist. Coll., Apr., 1919. Pp. 16. An illustrated account of the various steamboats that have been engaged in the local coastwise traffic of Massachusetts, New Hampshire, and Maine. Begun in January; continued in July and October.
- BRATTOW, S. T. *Inefficiency of water transportation in Missouri—a geographical factor in the development of railroads*. Mo. Hist. Rev., Oct., 1919. Pp. 7. Shows that river transportation in the pre-war period was available only in a small part of Missouri, and very unsatisfactory because of difficulties offered by the stream itself, the winter season, and the freight charges.
- CESTRE, C. *Our labor situation—a Frenchman's view*. Rev. Rev., Jan., 1920. Pp. 5. The author detects in American life hints that indicate the husbanding of "the wealth of human values," and pictures most attractive, ideally desirable results in the near future as the outcome of our characteristic quality, idealism of action.
- CLELAND, R. G. *Transportation in California before the railroads, with especial reference to Los Angeles*. Ann. Pubs. Hist. Soc. S. Calif., vol. 11, pt. 1.
- ELLA, L. *The French council of commerce in relation to American trade*. Miss. Valley Hist. Rev., Sept., 1919. Pp. 27. A detailed exposition of French methods of regulating colonial trade and industry between 1700 and 1734, contrasting them with the English policy.
- FAIRWEATHER, H. W. *The Northern Pacific railroad and some of its history*. Wash. Hist. Quart., Apr., 1919. Pp. 5. Touches briefly on various financial episodes in the development of the Northern Pacific line: troubles with loggers and land speculators; failure to secure the Puyallup coal mines; its several receiverships; and its kindred corporations.
- HARGER, C. M. *The romance of the oil fields*. Scribner's, Nov., 1919. Pp. 8. Explains in entertaining fashion the methods of promoters in locating and developing oil wells, "America's greatest gamble," in the mid-continental field of Texas, Oklahoma, and Kansas, and the present state of oil production.

- JEERNEGAN, M. W. *Slavery and the beginnings of industrialism in the American colonies*. Am. Hist. Rev., Jan., 1920. Pp. 21. Proves from a mass of evidence the existence in the southern colonies, chiefly South Carolina and Virginia, of a considerable and growing slave artisan class which competed with free white labor and was a most important agency in the rise of plantation manufactures and in the commercial development of the South before the revolution.
- ROYAL, B. W. *The United States factory system for trading with the Indians, 1796-1822*. Miss. Valley Hist. Rev., Sept., 1919. Pp. 15. Sketches the federal government's attempt to win the loyalty of the Indians through direct trade relations, and circumstances which caused the breakdown of the experiment.
- STOCKBRIDGE, F. P. *United States as it is*. World's Wk., Oct., 1919. Pp. 7. A cheerful, journalistic sketch of labor conditions in the area containing Albany, Schenectady, and Troy. The first of a series.
- WHITE, J. B. *The Missouri merchant one hundred years ago*. Mo. Hist. Rev., Jan., 1919. Pp. 21. A banquet address listing with brief comment the chief merchants of early days, and quoting at length from standard writers on St. Louis and the fur trade.
- Modern manufacturing—a partnership of idealism and commonsense*. Ann. Am. Acad., Sept., 1919. Entire volume. Deals with the aims of industry, location, size, organization, the personnel, production, finance, selling, research, and publicity.

Economic History, Foreign

- CAUBOUÉ, P. *L'avenir économique de l'Albanie*. Journ. des Econ., Nov., 1919. Pp. 1.
- LECARPENTIER, G. *Paul Leroy-Beaulieu économiste*. Rev. des Sci. Pol., Oct. 15, 1919.
- RAFFALOVICH, A. *Quelques aspects de la situation économiques de l'Allemagne*. L'Econ. Franç., Nov. 15, 1918. P. 1.
- RAFFALOVICH, A. *Quelques aspects de la situation économique et financière de l'Allemagne*. L'Econ., Franç., Dec. 13, 1919. P. 1.
- RAFFALOVICH, A. *Un négociant hambourgeois pendant la Révolution française; Georges-Henri Sieveking (1751-1799)*. L'Econ. Franç., Oct. 11, 1919. P. 1.
- ROULAND, E. *La Suède; la situation économique à la fin de 1918*. L'Econ. Franç., Nov. 8, 1919. P. 1.
- SCHELLE, G. *Le relèvement économique de la France après la Révolution*. Journ. des Econ., Nov., 1919. P. 1.
- SEMPLE, E. C. *The ancient Piedmont route of northern Mesopotamia*. Geog. Rev., Sept., 1919. P. 1.
- TRIOULLIER, J. M. *Hoover et la situation économique de l'Europe en 1919*. Rev. Sci. Pol., Oct. 15, 1919.

Au Paraguay. L'Econ. Moderne, Oct. 27, 1919. P. 1.

Informacion economico-financiera nacional y extranjera. Rev. Nac. Econ., Mar.-April, 1919. P. 1.

Agricultural Economics
(Abstracts by A. J. Dadisman)

BEAUQUESNE, E. DE. *Les méthodes d'agriculture employées en Argentine.* Le Monde Econ., June 28, 1918. Pp. 4. A brief statement of French imports, and a discussion of the physical features of Argentina, her increased area, production, and exportation of crops in the last thirty years. Three tables.

BELCHER, E. A. *Agricultural organization.* United Empire, Nov., 1919. Pp. 5. A discussion of British agricultural problems suggesting how coöperative organizations can aid in their solution.

BENTON, A. H. *Farm tenancy and leases.* Minn. Sta. Bull. 178 (1918)., Dec., 1918. Pp. 33. A study of tenancy, kinds of farm leases, and forms of lease contracts in Minnesota.

CHERINGTON, P. T. *Military argument for developing American wool industries.* Bull. Nat. Assoc. Wool Mfrs., Oct., 1919. Pp. 4. An argument in favor of increasing wool production in the United States; production of the principal wool-growing countries is given.

CROCHERON, B. H. *The function of the farm bureaus.* Cal. Sta. Cir. 209 (1919), Mar., 1919. Pp. 16. An address on the beginning, organization, functions, and future development of the California farm bureau.

HITIER, J. *La production agricole française à propos d'un livre récent.* Rev. d'Econ. Pol., May-June, 1919. Pp. 4. A brief review, summarizing the needs for and methods of increasing crop acreage and yields under new conditions.

HUGHES, H. J. *The immediate problems of farming.* Rev. Rev., Jan., 1920. Pp. 4. Discusses four problems facing the American farmer: the high price of land, high price of labor, high cost of equipment replacement, the possibility of a disastrous drop in the prices of farm products. Considers collective production and marketing essential to success.

MOORE, H. L. *Crop-cycles in the United Kingdom and in the United States.* Journ. Royal Stat. Soc., May, 1919. Pp. 16. A study of crop cycles from the yields of three crops for twenty-one years in England, and nine crops for thirty-five years in the United States, with eight figures and four tables.

MUNGER, T. T. *First steps for bringing into use idle lands of Oregon.* Commonwealth Rev., July, 1918. Pp. 10. An argument in favor of classification of unused lands of western Oregon and government guidance in the utilization of such lands.

NOURSE, E. G. *The evolution of farming.* Yale Rev., Oct., 1918. Pp. 90-105. A discussion of recent agricultural tendencies showing the need of agricultural organization.

- PECK, F. W. *The cost of producing Minnesota field crops, 1915-1917*. Minn. Sta. Bull. 179 (1918), Nov., 1918. Pp. 42. A detailed study of all the factors entering into the cost of producing Minnesota field crops. Data for the study were obtained from twenty farms visited every other day for five years. Forty-two tables and five figures.
- PROBUS ET DE LAVERGNE. *L'agriculture et sa transformation nécessaire*. L'Europe Nouvelle, July, 1919. Pp. 5. A summary of agricultural conditions in France, and suggestions for the work of the agricultural societies to aid in increasing production.
- ROBERTS, G. H. *Empire food production*. United Empire, Dec., 1919. Pp. 5. An address setting forth the needs for increasing food production in England and closer trade relations with her dominions.
- SHANAHAN, E. W. *The prospective food supplies of Western Europe*. Econ. Journ., Sept., 1918. Pp. 309-316. A discussion of the food situation in Western Europe and possible ways of meeting the shortage.
- Les discussions de la Société d'Economie Politique de Paris: le problème agricole allemand pendant et après la guerre*. L'Econ. Franç., Nov., 1919. Pp. 3. A discussion of German plans for solving her food problems during the recent war at its close.
- The future of British agriculture*. Edinburgh Rev., July, 1919. Pp. 16. A review of conditions leading to present systems of farming and suggested changes necessary for developing agriculture to meet the growing needs.
- The international movement in fertilizers and chemical products useful to agriculture*. Intern. Inst. Agri., Doc. Leaf., May, 1919. Pp. 44. A compilation of all data available in regard to production, trade, and consumption of all chemical fertilizers used in agriculture, 1913 to 1918. Forty-one pages of tables.
- Land purchase credit in Ireland in the years 1912-13 to 1916-17*. Intern. Rev. Agric. Econ., May, 1919. Pp. 21. Statistics of land purchase credit in Ireland showing the extent of the use of land credit with an explanation of methods used. Eighteen tables are presented.

Railways and Transportation

(Abstracts by Julius H. Parmelee)

- ACWORTH, W. M. *The position and prospects of the railways*. Contemp. Rev., Nov., 1919. Pp. 7. Analysis of the British situation.
- ACWORTH, W. M. *Railway professional education*. Ry. Gaz. (London), Oct. 31, 1919. Pp. 4.
- ALLIX, G. *Les chemins de fer pendant la guerre 1914-1918*. Journ. des Trans., Nov. 8, Nov. 15, Dec. 6, 1919. Pp. 3, 3, 5.
- ALLIX, G. *Philosophie des tarifs des chemins de fer*. Journ. des Trans., Nov. 22, 1919. Pp. 3.
- AMSTER, N. L. *The elements of a satisfactory railway policy*. Annals, Nov., 1919. Pp. 5.

- ANDERSON, G. W. *Our railroad problem*. Atlantic, Dec., 1919. Pp. 14.
- BAUER, J. *Physical valuation and guaranteed return on railway investments*. Mag. of Wall Street, Oct. 18, 1919. Pp. 4.
- BEYER, O. S., JR. *Railway efficiency and labor*. Annals, Nov., 1919. Pp. 17.
With discussion by S. O. Dunn.
- BRADLEY, L. C. *Transportation and traffic problems*. Stone & Webster Journ., Oct., 1919. Pp. 8.
- CLAGETT, B. *Problems involved in return of railroads*. Ry. Age, Nov. 21, 1919. Pp. 4.
- COLLETT, R. *Fuel economy and locomotive operation*. Pro. St. Louis Ry. Club, Nov. 14, 1919. Pp. 18. With charts.
- COOKE, M. L. *True cost-finding—what it can do for the railroads*. Annals, Nov., 1919. Pp. 9.
- CORMACK, J. S. *Railways of the Australian commonwealth*. Ry. Rev., Oct. 25, 1919. Pp. 4. Reprinted from N. Y. Evening Post of September 27.
- CUNNINGHAM, W. J. *The accomplishments of the United States railroad administration in unifying and standardizing the statistics of operation*. Annals, Nov., 1919. Pp. 25.
- DUNN, S. O. *Can the railroad problem be solved?* Pro. St. Louis Ry. Club, Oct., 1919. Pp. 12.
- DUNN, S. O. *The old system of railroad regulation*. Annals, Nov., 1919. Pp. 16.
- DUNN, S. O. *Production waits on railroad legislation*. Rev. Rev., Dec., 1919, Pp. 4. Declares the problem of rate regulation is the heart of the railroad problem, and states the provisions which the new legislation should contain, and the minimum provisions it must contain, to be of any substantial benefit.
- EASTMAN, J. B. *The advantages of national operation*. Annals, Nov., 1919. Pp. 14.
- ELLIOTT, H. *An efficient transportation machine a national necessity*. Ry. Rev., Dec. 13, 1919. Pp. 3.
- ELLIS, W. *The menace of railway and mine strikes*. The Street, Oct. 20, 1919. Pp. 3.
- GOLDMARK, P. *Women in the railroad world*. Annals, Nov., 1919. Pp. 8.
- HENDERSON, H. D. *The railway strike*. Econ. Journ. (London), Dec., 1919. Pp. 9.
- HINES, W. D. *What will happen when railroads are returned*. Ry. Age, Oct. 24, 1919. Pp. 2.
- HOARD, G. *L'électrification des chemins de fer français*. Je Sais Tout, Oct. 15, 1919. Pp. 10.
- JAKUES, F. *The condition of rolling stock in France today*. Ry. Age, Dec. 26, 1919. Pp. 3.

- JAGUES, F. *French opinions of American methods of railroading*. Ry. Age, Oct. 31, 1919. Pp. 2.
- JOHNSON, T. R. *Railway development in Australia*. United Empire (London), Sept., 1919. Pp. 10.
- JONES, S. P. *National and local transportation problems*. Searchlight, Nov., 1919. Pp. 4. General review of plans and bills.
- KENDALL, W. C. *Concerning the utilization of freight cars*. Ry. Age, Nov. 28, 1919. Pp. 4.
- LEIGH, E. B. *Railway surplus and business prosperity*. Ry. Rev., Sept. 20, 1919. Pp. 7.
- LESSER, W. *Berlin als Weltverkehrsstadt*. Berliner Tageblatt, Nov. 12, 1919. P. 1. Statement of rapid transit problem in Berlin with special reference to subways.
- LISMAN, F. J. *The need of extensive development of the railways*. Ry. Age, Jan. 2, 1920. Pp. 3.
- LOVETT, R. S. *Railroad legislation as developed up to date*. Ry. Age, Dec. 19, 1919. Pp. 6.
- McAULIFFE, E. *Work on the fuel conservation section*. Ry. Age, Nov. 21, 1919. Pp. 3. U. S. Railroad Administration's drive for fuel economy.
- MCGRATH, W. H. *Value of public utility war experiences and their effect on the future*. Stone & Webster Journ., Oct., 1919. Pp. 8.
- McMANAMY, F. *Shop efficiency*. Pro. N. E. R. R. Club, Oct. 14, 1919. Pp. 15.
- MARVAUD, A. *La question des voies ferrées en Espagne*. Journ. des Econ., Aug.-Sept., 1919. Pp. 10.
- MULLER, J. P. *Analysis of financial statistics of railroads*. Ry. Rev., Jan. 10, 1920. Pp. 4. With charts.
- PARMELEE, J. H. *Financial needs of the railways*. Annals, Nov., 1919. Pp. 8.
- PARFIELEE, J. H. *Railway revenues and expenses in 1919*. Ry. Age, Jan. 2, 1920. Pp. 5. Government deficit for year placed at \$400,000,000; for two years, \$625,000,000.
- PAYNE, J. L. *Canadian railway developments during 1919*. Ry. Age, Jan. 2, 1920. Pp. 2. Government control extended to Grand Trunk.
- PLUMB, G. E. *Should labor participate in management?* Annals, Nov., 1919. Pp. 5.
- REA, S. *Our railroad problem*. Annals, Nov., 1919. Pp. 18.
- REITELL, C. *Invested earnings*. Annals, Nov., 1919. Pp. 20. Their social significance in public utility financing. With discussion by H. M. Beardsley.
- RISQUE, J. P. *Cuba's sugar cane railways a large market*. Ry. Age, Oct. 17, 24, 31, 1919. Pp. 4, 4, 3.
- SAKOLSKI, A. M. *Kansas City Southern Railway valuation*. Mag. of Wall Street, Nov. 29, 1919. Pp. 2.

- SHEA, T. *The present railroad labor problem*. Broth. of Loco. Firemen & Engr. Mag., Dec. 1, 1919. Pp. 3. Labor's point of view.
- SHILCOX, L. K. *Economics of freight car maintenance and operation*. Ry. Age, Dec. 26, 1919. Pp. 5.
- SMITH, R. T. *Electric traction on British railways*. Ry. Gaz. (London), Nov. 21, 28, 1919. Pp. 4, 4.
- STONEX, W. L. *The case for government operation and ownership*. Annals, Nov., 1919. Pp. 10.
- THAYER, R. E. *Electrification of the South African railways*. Ry. Age, Nov. 28, 1919. Pp. 5. With map.
- THAYER, R. E. *German railways suffer from lack of equipment*. Ry. Age, Nov. 14, 1919. Pp. 3. Conditions in Silesia, Bavaria, Munich. Tables covering 1914-1918.
- THAYER, R. E. *English railroads during the year 1919*. Ry. Age, Jan. 2, 1920. Pp. 3. Transport bill made effective.
- THAYER, R. E. *German railways suffer from lack of equipment*. Ry. Age, Oct. 31, 1919. Pp. 3.
- THAYER, R. E. *Great Britain's nine-day railway strike*. Ry. Age, Oct. 10, 1919. Pp. 8.
- THAYER, R. E. *The reconstruction of the Belgian railways*. Ry. Age, Oct. 17, 1919. Pp. 8. With maps and illustrations.
- THELEN, M. *Public service under government operation of the railroads*. Annals, Nov., 1919. Pp. 18.
- TOMKINS, C. *The unification of terminals at New York*. Annals, Nov., 1919. Pp. 10.
- VANDERBLUE, H. B. *Railroad valuation by the Interstate Commerce Commission*. Quart. Journ. Econ., Nov., 1919. Pp. 66. Analysis of methods and results.
- WALTER, L. M. *The railroad problem from the viewpoint of the securities owners*. Com. & Finan. Chron., Dec. 13, 1919. Pp. 4.
- WARFIELD, S. D. *Rights of railroad owners*. Rev. Rev., Dec., 1919. Pp. 2. Gives reasons why section 6 of the Cummins bill should be preserved in any railroad legislation adopted by Congress.
- WARFIELD, S. D. *Should railroad income be guaranteed by the government?* Annals, Nov., 1919. Pp. 6.
- WATERMAN, R. *Proposed plans for railroad legislation*. Nation's Bus., Oct., 1919. Pp. 2. In chart form.
- WATERMAN, R. *Proposed plans for railroad legislation*. Annals, Nov., 1919. Pp. 12.
- WHEDDON, F. W. *German railway operation in the occupied territories of Belgium and France*. Ry. Gaz. (London), Nov. 7, 1919. Pp. 7. With map.

- WILSON, H. R. *The future of British railways.* Ry. Rev., Nov. 22, 1919. Pp. 3.
- WOOLLEY, R. W. *How freight rates should be made.* Annals, Nov., 1919. Pp. 14.
- Adequate motive power for railroads a necessity.* Ry. Age, Jan. 2, 1920. Pp. 4. Three-year building program of 13,177 locomotives.
- British railway working.* Ry. Gaz. (London), Nov. 14, 1919. Pp. 2. British railway finances since 1914 show apparent surplus to government through 1918, but substantial deficit for 1919.
- Car lines almost only buyers of freight cars.* Ry. Age, Jan. 2, 1920. Pp. 8. Less than 95,000 cars built in 1919.
- Chinese government railways in 1918.* Far East. Rev., Dec., 1919. Pp. 2.
- La crise des transports en Alsace-Lorraine.* Journ. des Trans., Nov. 1, 1919. Pp. 2.
- Curtailed construction activities mark the year.* Ry. Age, Jan. 2, 1920. Pp. 6. Smallest amount of railway construction in 1919 since Civil War.
- Few railroad orders for locomotives in 1919.* Ry. Age, Jan. 2, 1920. Pp. 3.
- The future of Canada's transportation problem.* Ry. Age, Nov. 7, 14, 21, 1919. Pp. 4, 4, 4.
- Histoire des chemins de fer français.* Journ. des Trans., Oct. 11, 1919. Pp. 3.
- The Institute of Transport.* Ry. Gaz. (London), Nov. 7, 1919. Pp. 4. Organized in London in November for the scientific study of questions relating to traffic and transport.
- Interstate Commerce Commission's annual report.* Ry. Age, Oct. 31, 1919. Pp. 8.
- La journée de huit heures sur les chemins de fer.* Journ. des Trans., Oct. 25, 1919. Pp. 4.
- Modern armies and modern transport.* Ry. Gaz. (London), Oct. 31, 1919. Pp. 2.
- New railways planned in foreign countries.* Ry. Rev., Nov. 8, 1919. Pp. 3.
- Organisation of the Ministry of Transport.* Ry. Gaz. (London), Oct. 24, 1919. P. 1.
- Passenger car orders show upward trend.* Ry. Age, Jan. 2, 1920. P. 1. Three hundred and six passenger cars built in 1919, lowest production on record, but prospects are improving.
- Production is limited by lack of freight cars.* Ry. Age, Jan. 2, 1920. Pp. 6. Car shortage placed at 800,000 cars.
- The proposed Trans-Saharian railway.* Ry. Age, Dec. 26, 1919. Pp. 3. With map of Africa.
- Railway electrification in Australia.* Ry. Rev., Nov. 1, 1919. Pp. 8.

- Railways far behind in construction of new lines.* Ry. Age, Jan. 2, 1920. Pp. 9. Estimates present shortage at 6,000 miles. With regional maps.
- Railways, organized labour and the Ministry of Transport.* Ry. Gaz. (London), Oct. 24, 31, 1919. Pp. 2, 1.
- La répartition des voyageurs par classes au cours des années précédant la guerre.* Journ. des Trans., Nov. 29, Dec. 6, 1919. Pp. 4, 7. With distribution charts.
- Six billion dollars for capital expenditures.* Ry. Age, Jan. 2, 1920. Pp. 3. Three-year needs of the railways.
- Status of the railroad contract negotiations.* Ry. Age, Jan. 2, 1920. Pp. 4. 129 contracts signed with government to date, covering three fourths of the earnings of roads under federal control.
- Steam railroad statistics to December 31, 1918.* Ry. Age, Nov. 28, 1919. Pp. 4. Summary of Interstate Commerce Commission's preliminary statistics for 1918.
- 24,500 passenger cars needed in next three years.* Ry. Age, Jan. 2, 1920. Pp. 4.
- The railroad problem.* Ann. Am. Acad., Nov., 1919. Entire volume. A discussion of current issues as to railway regulation, and the participation of labor in the management of railroads, under the headings: the old system of railroad regulation; government operation; current proposals for regulation; unification of terminals; railway efficiency and labor.
- Two years of government operation.* Ry. Age, Jan. 2, 1920. Pp. 5.
- Wage increases under government control.* Ry. Age, Jan. 2, 1920. Pp. 5. Estimated pay-roll increase of a billion dollars.

Commerce

(Abstracts by H. R. Tosdal)

- BRUNO, C. *La politica della marina mercantile.* Riv. Intern., July-Aug., 1919. Pp. 29. Argues for the removal of legal restrictions from the Italian merchant marine.
- BUTLER, J. R. *The French cotton textile industry.* Econ. Wld., Aug. 30, 1919. Pp. 3. Statistical study of French cotton textile industry by the United States Trade Commissioner, showing effect of war and present situation.
- EMERSON, G. *America and the New World trade routes.* Comm. Mo., Nov., 1919. Pp. 3. Discussion of changed world trade routes and possibility of making changes permanent in favor of America.
- EVANS, J. W. *Dutch East Indies need American goods and money.* Annalist, Nov. 10, 1919. P. 1. These islands are said to be turning to the United States to meet their demands for various manufactures.
- HAINES, C. G. *Efforts to define unfair competition.* Yale Law Journ., Nov., 1919. Able and comprehensive study of legal attempts to define unfair competition.

- HANEY, L. H. *Price fixing in the United States during the war*. III. Pol. Sci. Quart., Sept., 1919. In last of three articles, concludes that price fixing in war time was a necessary evil, but that its evil effects were greater than they should have been.
- HARDING, W. P. G. *Should exports be restricted as a means of reducing the present high cost of living?* Econ. Wld., Sept. 20, 1919. Pp. 2. Asserts that it is neither practical nor desirable to export to Europe on so large a scale as during past three or four years. Urges private enterprise in financing European trade.
- HELMER, P. A. *La situation de l'industrie de la potasse en Allemagne*. L'Econ. Franç., Sept. 27, 1919. P. 1. Brief historical sketch of governmental regulation of potash industry in Germany and its effects.
- HYDE, D. W. *Is milk distribution a municipal function?* Nat. Munic. Rev., Oct., 1919. Pp. 2. Brief statement that in England consideration is being accorded to the question of centralized control or supervision of the milk supply and its distribution.
- LARIBE, M. A. *L'aluminium et la bauxite*. Rev. d'Econ. Pol., Sept.-Oct., 1919. Study of production and prices of aluminum with special emphasis upon effects of the war.
- LECAPENTIER, G. *Le commerce de la France avec les Etats de L'Amérique du Sud et son avenir*. L'Econ. Franç., Sept. 13, 1919. P. 1. Statistical study of French commerce with South American states. With proper banking facilities and merchant marine, great possibilities.
- MOLENGRAAFF, W. L. P. A. *The nature of the trade-mark*. Yale Law Journ., Jan., 1920. Legal article "circumscribing with precision the concept of a trade-mark and the interest protected under that name."
- MULLER, C. R. *Nos besoins en charbons allemands*. Musée Soc., Oct. 1, 1919. A discussion of consumption of coal in France before the war; analysis of needs after the war, with examination of German producing section. Favors treaty provision compelling Germany to deliver 25-30 million tons.
- NAHAS, B. L. *The trade conditions and opportunities of Egypt*. Greater N. Y., Dec. 22, 1919. Pp. 7. Interesting article on general situation in Egypt with the nature and reasons for commercial demands.
- NOTZ, W. *The Webb-Pomerene law-extraterritorial scope of the unfair competition clause*. Yale Law Journ., Nov., 1919. Pp. 29. Legal study of the unfair competition clause of the law permitting export combinations.
- PAYEN, E. *L'antimoine: la restriction de son commerce*. L'Econ. Franç., Nov. 22, 1919. P. 1. Study of antimony market during the past decade, with special reference to the war period.
- SEARS, L. M. *British industry and the American embargo*. Quart. Journ. Econ., Nov., 1919. Pp. 88. Critical study of Embargo of 1807 showing its effects upon British industry. Asserts that on either side really noteworthy feature is its spiritual contribution.

- TAUSSIG, F. W. *The present and future of the international trade of the United States*. Quart. Journ. Econ., Nov., 1919. Pp. 21. States belief that the excess of merchandise exports which will be maintained probably will be of smaller volume than in pre-war years. Decline in prices and money incomes is predicted.
- VAN DER WAERDEN, J., and VAN OOSTVEEN, A. J. *Great commercial opportunities offered by the Dutch East Indies*. Americas, Oct., 1919. Pp. 25. Concise description of Dutch East Indies emphasizing development and resources of Java, Sumatra, Borneo, Celebes.
- International trade conference*. Bankers' Mag., Nov., 1918. Condensed report of conference held at Atlantic City, October, 1919.
- Le café et le marché du Havre*. Rev. d'Econ. Pol., Sept.-Oct., 1919. Description of Havre coffee market during the war.
- Our European trade relations rapidly nearing a crisis*. Annalist, Dec. 1, 1919. P. 1. Extension of credits for the rehabilitation of foreign industry essential to the maintenance of our increased commerce. Imperative call for the education of the public in the need for popular investment in European securities.
- Prosperous Caribbean countries turn to American markets*. Americas, Nov., 1919. Pp. 4. Description of Cuba and other islands of West Indies from point of view of commercial opportunity.
- Raw silk*. Comm. Mo., Jan., 1920. Pp. 23. Historical and statistical description of raw silk manufacture and commerce.

Accounting

(Abstracts by Martin J. Shugrue)

- BALDWIN, R. L. *Unit costs for use in public utility appraisals*. Engg. News. Rec., Sept. 11, 1919. Pp. 2. Method at present employed by many commissions described as combination of "reproduction cost with unit prices, based upon average prices" and "actual cost from records."
- BASSET, W. R. and GORDON, S. R. *A cost system that guides policies*. Factory, Jan., 1920. The fundamentals in all good cost systems are the same, and the underlying principles which are developed here for a knitting mill apply equally well to any manufacture. Illustrated with cost forms and records.
- BIGELOW, C. M. *Installing management methods in the woodworking industry*. Indust. Manag., Dec., 1919. Describes a general plan for woodworking shop accounting, outlines the various accounts, shows how they are compiled and interlocked, and explains the means and methods used for control.
- BREWER, A. F. *Overhead charges in power plant construction*. Indust. Manag., Sept., 1919. Table of itemized percentages for power plant construction together with a discussion as to how such percentages are estimated and applied in valuations of public utilities.
- CADWALLADER, W. E. *Accrual accounting*. Journ. Am. Bankers' Assoc., Sept.,

1919. A bank which never determines and publishes interest and discount accruals does not show correct figures in its statements. The including of unearned interest in profit and loss is wrong both as regards accuracy and ethics.

CHURCHILL, W. L. *On what should profits be based?* Indust. Manag., Nov., 1919. Declares that many business failures, labor troubles, and injustices to the public can be traced to improper methods of figuring profits.

ESTES, L. V. *Unit cost accounting for control.* Indust. Manag., Nov., 1919. Presents a plan for combining in one the standard units of measure of production and the element of time, in such a way that the unit cost obtained is the cost of the effort expended. This provides a basis for determining operating efficiency, scheduling production, paying wage incentives, and controlling manufacturing activities.

FINNEY, H. A. *Introduction to actuarial science.* Journ. Account., Nov., 1919. Deals particularly with the subject of compound interest as it affects such accounting problems as present value, compound discount, annuities, sinking funds, and leasehold premiums.

GOWE, W. B. *Depreciation and depletion in relation to invested capital.* Journ. Account., Nov., 1919. Discusses some interesting questions which arise from the Treasury Department rulings that earned surplus and undivided profits of a corporation, forming part of its invested capital for purpose of profits tax calculations, must be "true" and must accord "full recognition" of all expenses and losses from the time of organization down to the taxable year.

GRANT, B. N. and MILLER, C. E. *Declare "depreciation reserve" a bulwark of safety.* Annalist, Aug. 25, 1919. George N. Webster's views, as printed in the *Annalist* of July 21, in regard to theoretical depreciation, which he considers a menace to the public and investors, stirs up a lively controversy on a subject of vital interest.

HARRISON, G. C. *Cost accounting in the new industrial day.* Indust. Manag., Dec., 1919. The practical value of cost accounting lies in the power it gives of foretelling the results which will follow from a given combination of conditions. In the past, viewpoint of the accountant has been mainly retrospective.

HAWLEY, W. C. *The relation of depreciation to investment.* Journ. Am. Water Works Assoc., June, 1919. This is a subject which until recently has been considered theoretical rather than a real thing seriously affecting the finance of water companies. Discusses decisions of certain courts and commissions.

HURDMAN, F. H. *Capital stock of no par value.* Journ. Account, Oct., 1919. Discussion and table giving a synopsis of essential features in various no-par-value statutes.

KNOEFFEL, C. E. *The philosophy of costs.* Indust. Manag., Sept., 1919. In four of the largest manufacturing concerns in this country the idle time factor was found to be 30, 35, 40 and 50 per cent, respectively. In no case

did the cost plan provide for securing information in regard to the idleness of equipment.

McKAY, C. W. *Practice in making electric utility appraisals.* Elec. Rev., Sept. 13, 1919. Discussion of value of unit costs and necessity for care in their preparation.

McKINSEY, J. O. *Accounting as an administrative aid.* Journ. Pol. Econ., Nov., 1919. Although the auditor as a public practitioner is justified in confining himself to reports based on past results, the permanent accounting staff of a business concern should make available facts for estimating future results. Also describes the course of study in accounting at the University of Chicago.

METCALF, L. *Practical checks upon water-works depreciation estimates.* Journ. Am. Water Works Assoc., Sept., 1919. Presents some important data of actual depreciation developed in the practical administration of water works and shows the necessity for keeping better records of plant abandonments as an evidence of actual in contra-distinction to theoretical depreciation. Such records constitute a valuable aid to courts and commissions.

RUSK, S. G. *Relation between invested capital and excess profits tax.* Journ. Account., Oct., 1919. The excess profits tax, being based upon invested capital (and the government's interpretation of what comprises invested capital as a basis of taxation), has been the cause of much interest and anxiety.

WEBSTER, G. R. *Consolidated accounts.* Journ. Account., Oct., 1919. The need for consolidated financial statements which would exclude intercorporate accounts started with the era of the holding company, although there were, of course, prior to that time many corporations which had formed subsidiary companies in order to comply with the requirements of state laws, and for other reasons.

Importance of cost analysis and its relation to prices. Annalist, Aug. 18, 1919. Accurate determination of selling figure and the elimination of waste its two principal functions that should work to the advantage of both producer and consumer unless, as was pointed out in the *Annalist* of July 28, trade association price fixing results.

Public Utilities

(Abstracts by Charles S. Morgan)

ALVORD, J. W. *Going value, what is it?* Pub. Service, Jan., 1920. P. 1. Defines going value as "the time handicap in the race for an income." Importance of recognition of this factor.

ALWYN-SCHMIDT, L. W. *Reduction in price of gas to the consumer a way to prosperity in the gas industry.* Am. Gas Engg. Journ., Nov. 1, 1919. Pp. 3. The energetic development of the production of by-products will enable the gas industry to attain to a newer and higher plane of activity and to be an important factor in national conservation.

BALDWIN, R. L. *Unit costs for use in public utility appraisals.* Engg. News

Record, Sept. 11, 1919. Pp. 2. Because of confusion usually encountered in computing unit costs based on prices for a period of years the use of actual costs, with estimates where necessary, is advocated. Evidence that commissions are using this method increasingly, is given.

BARNETT, A. M. *War's effect on the street railways of the United States*. Annalist, Jan. 5, 1920. Pp. 2. Convenient summary of factors which indicate the critical nature of the electric railway situation.

BILLINGSLEY, M. P. *Service-at-cost bibliography*. Aera, Nov., 1919. Pp. 8. Useful classified bibliography of literature on service-at-cost, including franchises and municipal reports.

CLARK, H. C. *Service-at-cost agreements*. IV. *Boston Elevated Railway Company*. V. *Massachusetts general service-at-cost law*. VI. *The Montreal Tramways Company*. Aera, Oct., Nov., Dec., 1919. Pp. 5, 5, 11. Further instalments in a series of detailed uniform analyses of local service-at-cost agreements.

COOKE, C. B., JR. *Simplification of corporate structures*. Elec. Ry. Journ., Nov. 8, 1919. Pp. 4. Outline of a suggested coöperative plan for the systematic amortization of excessive capitalization of electric railways through use of temporary fare increases.

COOKE, M. L. *Testimony before Federal Electric Railway Commission*. Electric Railway Journ., Oct., 1919, Convention number. Pp. 2. Overcapitalization and inefficient management are stated to be the chief evils which must be overcome before electric railways can be put on sound footing.

CULKINS, W. C. *The municipality's viewpoint in electric transportation*. Elec. Ry. Journ., Jan. 3, 1920. Pp. 3. A critical account of franchise development and a characterization of recent helpful tendencies by the Director of Street Railroads, Cincinnati, Ohio.

DARLINGTON, F. *Vision in power development*. Elec. World., Nov., 15-22, 1919. Pp. 2. Discussion of possibilities and limitations of centralized power production as revealed by our war experience.

DRAFER, W. A. *Some elements of the Cincinnati street railway franchise*. Elec. Ry. Journ., Oct., 1919, Convention number. Pp. 3; Public Service, Nov. 1919. Pp. 3. Essentials of the Cincinnati service-at-cost plan. Results of first year's experience with it are favorable.

EDDY, H. C. *The zone plan in New Jersey*. Elec. Ry. Journ., Jan. 3, 1920. Pp. 3. An account of events which led to reversion from zone fares to flat fares on Public Service Railway of New Jersey. State commission thinks zone system might have been feasible if it had been given a fair trial.

EISENMENGER, H. E. *Central station rates in theory and practice*. Elec. Rev. Further instalments in series of weekly articles ending Dec. 27, 1919, intended primarily for central-station men but of interest to economists. Treatment very detailed in places. Concluding articles by S. F. Walker discuss recent tendencies in utility regulation, particularly with regard to valuation.

- FEARNLEY, A. R. *Facts regarding motor-omnibus service.* Elec. Ry. Journ., Nov. 15-Dec. 13, 1919; Aera, Dec., 1919. Pp. 2, 6. Experience with municipal bus lines in Sheffield, England, and elsewhere, shows that they are satisfactory when used as supplementary to regular tramways. Some cost data are given.
- FINGER, C. J. *History hath its lessons.* Elec. Ry. Journ., Dec. 27, 1919. Pp. 3. Interesting history of a typical "wildcat" electric railway project. However, after thirteen years of use the equipment, upon dismantlement, sold at figures considerably above cost.
- FITZGERALD, E. T. *The fate of the five-cent fare.* VIII. *Detroit—a tale of distrust.* Nat. Munic. Rev., Dec., 1919. Pp. 3. Short sketch of Detroit's unsatisfactory electric railway situation.
- FOX, J. P. *Subsurface terminals for street cars open to criticism.* Am. City, Nov., 1919. Pp. 4. Discussion of principles involved in planning a rapid transit system.
- HAWLEY, W. C. *The relation of depreciation to investment.* Pub. Service, Jan., 1920. Pp. 4. Explanation of principles of depreciation and of injustice of deducting "accrued depreciation" unless earnings have been excessive. Special reference to water utilities.
- HUTCHINSON, J. E. *Why Montreal adopted service-at-cost.* Aera, Oct., 1919. Pp. 2; Elec. Ry. Journ., Oct. Convention number, pp. 3. History and essentials of Montreal plan discussed by the general manager of Montreal Tramways.
- "KASSANDRA." *Rates should be based on future, not past, cost.* Elec. World, Dec. 13, 1919. P. 1. Brief argument that past costs are of importance only as evidence of what future costs should be. Decreased importance thereby to be attached to appraisals and increased responsibility on management.
- MAITLAND, G. H. *The fate of the five-cent fare.* VII. *Toronto sticks to 3.9 cents.* Nat. Munic. Rev., Nov., 1919. Pp. 5. Toronto Railway Company still operates an average fare of 3.9 cents dating back to 1891, awaiting purchase by city in 1921.
- MARSTON, G. *Dead and buried municipally owned lighting plants.* Nat. Elec. Light Assoc. Bull., Dec., 1919. Pp. 4. Compilation of names of such plants.
- METCALF, L. *The effect of the war period, 1914-1918, and public control upon the water works of the United States.* Journ. Am. Water Works Assoc., Nov., 1919. Pp. 19. War burdens, which were borne more largely by companies than by the public, should be amortized over a period of years. Reference is made to several favorable developments in utility regulation.
- MOULTON, R. H. *The port of Seattle municipal grain elevators.* Am. City, Oct., 1919. P. 1. Brief description of first municipal grain elevator in United States and of Seattle public terminal.
- MUNRO, R. H. *Report on municipal franchises to Iowa League of Municipalities.* Am. Munic., Nov., Dec., 1919. Pp. 6, 7. Discussion of legal questions

involved in franchise rates with liberal citation of authorities. Conclusion that such rates cannot be changed except by act of municipality or state. Special reference to Iowa situation.

MURPHINE, T. F. *Seattle municipal lines*. Elec. Ry. Journ., Nov. 15-Dec. 13, 1919. Pp. 2. Brief account of Seattle municipal street railway system, the largest in the country, with statement of results of first eight months operation.

O'SHAUGHNESSY, M. M. *The fate of the five-cent fare*. VI. *The municipal street railway in San Francisco*. Nat. Munic. Rev., Nov., 1919. Pp. 3. Short history of municipal lines. An increase of fare apparently is necessary if service is not to deteriorate.

SISSON, F. H. *Creating a market for public utility securities*. Gas Age, Dec. 1, 1919. Pp. 3. A banker's view of the investment and other aspects of the utility situation. Need for a more liberal treatment of the utilities.

STEVENS, R. P. *The Youngstown service-at-cost street railway franchise*. Elec. Ry. Journ., Oct., 1919. Convention number. Pp. 3. Discussion of difficulties which had to be surmounted and of favorable results so far obtained.

TRIPP, G. E. *Are street railways a real public utility?* Aera, Dec., 1919. Pp. 10. A clear statement of the issues in the electric railway situation.

WITTHY, A. *What New Zealand is doing in hydro-electric development*. The Public, Nov. 29, 1919. Pp. 2. Description of government projects for a concerted and thoroughgoing hydro-electric development in New Zealand.

British tramways in trouble. Higher fares the only answer. Aera, Nov., 1919. Pp. 7; Pp. 2. Summaries of proceedings of associations of British private and public tramways showing conditions in Great Britain. General similarity to American situation.

The Connecticut Company goes to zone plan. Elec. Ry. Journ., Nov. 8, 1919. Pp. 6. Description of technical features of zone system and of early results.

Country-wide survey of street railway fare increases. Annalist, Oct. 13, 1919. P. 1. Statistical tables showing fare increases by amounts, by states and by population affected. Over 33,000,000 persons in 446 localities now paying higher fares.

The electric railway's case. Aera, Nov., 1919. Pp. 13. Extracts from brief submitted by the industry giving in convenient form its views of causes and ways out of the present difficulties of electric railways.

Fares increased in Milwaukee. Elec. Ry. Journ., Nov. 15-Dec. 13, 1919. Pp. 4. First decision under new Wisconsin statute which requires the Railroad Commission to revise rates in cases where a wage increase allowed by the newly established State Board of Conciliation would deprive utility of fair return upon capital employed. Commission suggested in this decision the use of automatic adjustment of fares to costs (Milwaukee Elec. Ry. and Light Co.).

Final hearings of Federal Electric Railway Commission. Elec. Ry. Journ., Oct., 1919. Convention number. Pp. 21. Further testimony, principally from public and labor side, by W. J. Lauck, W. F. Ogburn, S. P. Jones, J. B. Eastman, M. L. Cooke, E. M. Bemis, M. R. Maltbie, and others. Consideration of labor's views and demands, of alleged overcapitalization and inefficiency as causes of present condition of electric railways, of rates and public ownership, of success claimed for Philadelphia plan, and related matters.

Franchise developments in 1919. Elec. Ry. Journ., Jan. 3, 1920. Pp. 2. Service-at-cost has been further adopted in a few instances and is under consideration in other localities, but recently was rejected in Denver and Minneapolis.

Investment Bankers' Association of America, report of committee on public service securities. I. B. A. of A. Bull., Nov. 12, 1919. Pp. 24. Public service and railroad commissions of the United States. Brief, up-to-date summary of number, term of office, salary, and method of selection of members, and jurisdiction of the public utility commissions of the United States and our foreign possessions.

Investment Bankers' Association of America, report of committee on public service securities. I. B. A. of A. Bull., Dec. 3, 1919. Pp. 9. Survey of investment situation in each of the several main classes of public utilities shows strength in all fields except electric transportation.

National Association of Railway and Public Utility Commissioners, report of public ownership committee, 1919. Pub. Service, Dec., 1919. Pp. 2. Discussion of forces making for increased interest in public ownership and of problems of regulation involved therein.

To preserve electric railways. Aera, Dec., 1919. Pp. 2. Abstract of majority report of special Massachusetts Street Railway Commission, which recommends removal of burdens on car riders, adoption of flexible fares, public subsidies where necessary, granting of permission to railways to initiate fares subject to review, the creation of transportation areas, regulation of jitney competition and of strikes. Minority report favors public ownership, particularly of the Boston Elevated Railway.

Unlimited ride, transferable weekly pass at Racine. Elec. Ry. Journ., Jan. 3, 1920. Pp. 4. Interesting account of an experiment in electric railway fares.

Investments and Securities

(Abstracts by A. S. Dewing)

LONSDALE, J. G. *Plan for flotation of foreign securities in the United States.* Trust Companies, vol. 28, no. 4.

POWELL, E. T. *The democratization of investment.* Finan. Rev. Rev., Sept., 1919. Lays great stress on the widespread increase of small investments, particularly government bonds, in England and United States.

PULLEYN, J. J. *Improved mortgage finance in the United States.* Econ.

World, Jan. 10, 1920. Skeptical of advantage of "Federal home loan banks" or simple plans to increase amount of mortgage funds.

Preventing fraudulent issue of securities. Comm. & Finan. Chron., Jan. 17, 1920. An interesting review of Blue Sky legislation, together with comment on applicability to New York.

I. B. A. of A. Bulletins, 1919. A series of bulletins giving reports of committee chairmen on railroad, public utility, government and foreign securities. One of the most interesting features of these now common laws is an attempt in Section 1 of the Wyoming law to define "speculative securities," and it appears to be quite successful.

I. B. A. of A. Bulletins. July 19, 1919. Amendments to Blue Sky laws. Also new laws of Maine, Wyoming, and Utah.

Corporations

(Abstracts by A. S. Dewing)

NOTZ, W. *Cartels during the war.* Journ. Pol. Econ., Jan., 1919. Very valuable summary of conditions during war, particularly in Great Britain and Germany.

WADE, C. G. *Australian anti-trust legislation.* Journ. Comp. Legis., Oct., 1919. Very brief but instructive account. Evidently Australian law of 1906 modeled on Sherman act of 1890. Emphasizes, and to limited extent defines, intent to monopolize.

Labor and Labor Organizations

(Abstracts by George E. Barnett)

BARNETT, G. E. *American trade unionism and the standardization of wages during the war.* Journ. Pol. Econ., Oct., 1919. Pp. 24. Analyzes the policy of standardization adopted by government agencies and discusses the attitude of the trade unions.

BOOKER, J. M. *Industrial partnership.* Yale Rev., Jan., 1919. Pp. 11. Believes that the root of industrial unrest is the choking of the building instinct in the individual workman, and that the correction of the evil is not profit sharing nor betterment of living conditions nor industrial education but partnership. This means profit sharing plus a voice in the control of the business.

BRISSENDEN, P. F. *Employment policy and labor stability in a Pacific coast department store.* Mo. Lab. Rev., Nov., 1919. Pp. 39.

CHENERY, W. L. *The coal strike.* Survey, Nov. 22, 1919. Pp. 6. Stresses chiefly the need for regularization of employment.

COLE, G. D. H. *The British railway strike.* New Repub., Nov., 1919. Pp. 31. The railway strike was significant as the first battle in the struggle to reduce war wages.

CROWTHER, S. *A. B. C's for capital and labor.* World's Wk., Jan., 1920. Pp. 5. Argues that increased production alone will benefit workers.

- EDWARDS, G. W. *The employment service in Canada*. Mo. Lab. Rev., Aug., 1919. Pp. 11.
- EMMET, B. *Disability among wage earners*. Mo. Lab. Rev., Nov., 1919. Pp. 19.
- FITCH, J. A. *The closed shop*. Survey, Nov. 8, 1919. Pp. 10. The issues in the steel strike are hours and the right to organize.
- FRANKEL, E. *Labor turnover in Chicago*. Mo. Lab. Rev., Sept., 1919. Pp. 15.
- FRASCHETTI, V. *Inchiesta sulle condizioni igienico-sociali nella industria della pasticceria e dei biscotti*. L'Ufficio Municipale del Lavoro di Romo, Oct., 1919. Pp. 3. A survey of conditions in some 275 bakeries as affected by the war.
- GREGG, R. B. *The National War Labor Board*. Harvard Law Rev., Nov., 1919. Pp. 25. Reviews the principles established in the leading cases decided by the board.
- HALEVY, E. *La politique de paix sociale en Angleterre: les "Whitley councils"*. Rev. d'Econ. Pol., July-Aug., 1919. Pp. 47. Critical analyses of the councils' plan.
- HENDERSON, H. D. *The railway strike*. Econ. Journ., Dec., 1919. Pp. 8. Analysis of the issues.
- KELLEY, F. *Wage earning women in war time: the textile industry. With special reference in Pennsylvania and New Jersey to woolen and worsted yarn*. Journ. Indust. Hygiene, Oct., 1919. Pp. 22. Hours, sanitation, rest periods, wages, etc., are discussed.
- KENNEDY, D. R. *Earnings versus wages*. Indus. Manag., Dec., 1919. Pp. 5. Advocates payment by price and the giving of full information to workmen as to the margin of profit.
- MACASSEY, L. *Women in industry*. Quart. Rev., July, 1919. Describes the industrial position of women before and during the war.
- MCGILLICUDDY, O. E. *Causes and cure of labor unrest*. Current Hist., Sept., 1919. Summarizes the report of the Canadian Commission on Industrial Relations.
- McMAHON, T. S. *Centralia and the I. W. W.* Survey, Nov. 29, 1919. Pp. 2.
- MAYLANDER, A. *German workers' councils—their organization and functions*. Mo. Lab. Rev., Sept., 1919. Pp. 8.
- MERZ, C. *The labor party*. New Repub., Dec. 10, 1919. Pp. 4. Analysis of the platform.
- PAYEN, E. *La contagion syndicaliste et le cégétisme*. L'Econ. Franç., Oct. 4, 1919. Pp. 4. Discusses the significance of the formation of unions among public officials, teachers, actors, etc., and their application with the C. G. T.
- PICARD, R. *La durée du travail féminin et son rendement*. L'Europe Nouvelle, Oct. 4, 1919. Pp. 2. A summary of the results of an unpublished inquiry by the French government as to the relation between hours and output.

- POLAKOV, W. N. *Fatigue and industrial efficiency*. Indus. Manag., Dec., 1919. Pp. 6.
- REYNARD, H. *The industrial situation*. Econ. Journ., Sept., 1919. Pp. 11. Outlines a program of reform which includes nationalization of transport and coal.
- SANTACROCE, D. *Individuazione giuridica degli Uffici di Lavoro*. Diritto e Politica, Oct., 1919. Pp. 5.
- SAPOSS, D. J. *How the steel strike was organized*. Survey, Nov. 8, 1919. Pp. 3.
- SHAW, S. A. *Closed towns*. Survey, Nov. 8, 1919. Pp. 7. Criticism of the activities of public officials in the steel strike.
- SHOTWELL, J. T. *Labor provisions in the peace treaty*. Mo. Lab. Rev., Aug., 1919. Pp. 12.
- SLICHTER, S. H. *The management of labor*. Journ. Pol. Econ., Dec., 1919. Pp. 27. Argues that the labor administrator should have full authority as to labor policies.
- SPARKES, M. *The building trades parliament of Great Britain*. Bull. Assoc. Gen. Contractors, Oct., Nov., 1919. Pp. 3, 4. The work of the industrial council for the building industry.
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- SQUIRES, B. M. *Reabsorption of labor, and unemployment in the United Kingdom*. Mo. Lab. Rev., Sept., 1919. Pp. 36.
- SQUIRES, B. M. *Readjustment of wages and working conditions of New York harbor employees*. Mo. Lab. Rev., Aug., 1919. Pp. 12.
- SQUIRES, B. M. *The marine workers' affiliation of the port of New York*. Journ. Pol. Econ., Dec., 1919. Pp. 35. History of the component unions and of the affiliation.
- STODDARD, W. L. *Just where does the shop committee movement stand to-day?* Factory, Dec., 1919. Analysis of existing plans.
- STODDARD, W. L. *Labor and the shop committee*. Indus. Manag., Sept., 1919. Pp. 4. Argues that antagonism of the trade unions to the shop committee movements is avoidable.
- STONE, N. I. *Wages, hours and individual output*. Ann. Am. Acad., Sept., 1919. Pp. 26. A critical review of the various forms of industrial remuneration.
- TAWNEY, R. H. *The report of the Coal Industry Commission*. Contemp. Rev., Aug., 1919. If the workers' demand is rejected, an increase in output will be prevented.
- TYSON, F. *The standard of living of steel workers*. The Review, Oct. 25, 1919. Pp. 3. The primary problems are length of working day and housing.
- WEBB, S. *The facts of the strike*. New Statesman, Oct. 4, 1919. Pp. 3. The action of the government in the railway negotiations was provocative.

- WISLER, W. *Wages and some industrial fallacies.* Am. Fed., Nov., 1919.
- WILSON, T. *Notes on labour unrest.* Econ. Journ., Sept., 1919. Pp. 5. The growing centralization of the unions is given as the chief cause.
- WOLFE, A. B. *Intensive industrial training under governmental auspices in war time.* Journ. Pol. Econ., Nov., 1919. Pp. 33. Primarily historical but includes some appraisal of results.
- WOLFE, A. B. and OLSON, H. *War-time industrial employment of women in the United States.* Journ. Pol. Econ., Oct., 1919. Pp. 21. Deals with number, efficiency, wages, etc., of women war workers.
- Has organized labor estranged the nation's farmers?* Annalist, Nov. 24, 1919. Pp. 2. Gives reasons for an affirmative answer.
- Profit sharing.* Business Digest, Nov. 11, 1919. P. 1. The Larkin Company's stock distribution plan.
- Report of the American Federation of Labor delegates to the International Federation of Trade Unions Congress at Amsterdam.* Am. Fed., Oct., 1919. Pp. 32.
- Review of labor legislation.* Am. Lab. Legis. Rev., Dec., 1919. Pp. 125.
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Money, Prices, Credit, and Banking

(Abstracts by C. A. Phillips)

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- ALLAN, F. H. *The one pound note.* Bank. Mag. (London), Aug., 1919. Pp. 4. The utility of the one pound Scotch bank note was never more in evidence than during the opening days of the war.
- CASSEL, G. *The depreciation of the German mark.* Econ. Journ., Dec., 1919. Pp. 5.
- CLARK, W. C. *The foreign exchange situation and its solution.* Trust Companies, Nov., 1919. Pp. 3. Holds that long-term credit extended to Europe would correct the exchanges.
- DAMIRIS, C. J. *Le problème des changes; les causes de la fixité du change grec.* L'Econ. Franç., Oct. 18, 1919. Pp. 6. An account of the legislation and practices that have controlled Greek exchange.
- ESCHER, H. *Die Rechnungsabschlüsse von acht grosseren schweizerischen Handelsbanken für das Jahr 1918.* Zeitschr. f. Schweiz. Stat. u. Volkswirts., Heft 2, Jahrgang, 1919. Pp. 4. A record of marked expansion.

- ESTCOURT, R. *Would discard gold standard as the basis of trade.* *Annalist*, Dec. 13, 1919. Pp. 5. Recommends an experiment with a "wheat" standard of value.
- FISHER, I. *A monetary remedy for the high cost of living.* *Comm. & Finan. Chron.*, Sec. 2., Dec. 13, 1919. Pp. 3. A restatement of the author's plan for a compensated dollar.
- GARINO-CANINA, A. *Gli indici dei prezzi "Necco" per il 1915 ed il 1916 ed il rincaro durante la guerra europea.* *Rif. Soc.*, July-Aug., 1919. Pp. 32. A critical and comparative examination of the Necco price-indices.
- GOURVICH, P. P. *The illusion of gold in our financial system.* *Annalist*, Oct. 20, 1919. P. 1.
- GUPTA, J. *Indian currency and exchange, the relation of German banks to industry.* *Journ. Indian Econ. Soc.*, June, 1919. Pp. 5.
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- HUBER, M. M. *Le mouvement des prix et du coût de la vie en divers pays pendant la guerre.* *Journ. de la Soc. de Stat. de Paris.*, Oct., 1919. Pp. 33. A detailed comparative record of wholesale and retail price changes since 1913 with special reference to France, England, Italy, and United States.
- KALE, V. G. *Prices and exchange.* *Journ. Indian Econ. Soc.*, June, 1919. Pp. 7. The establishment of the gold standard in India would bring relief from high prices.
- KIDDY, A. W. *The cost of the war to Great Britain as measured by its effect upon trade and the foreign exchanges.* *Bank. Mag.* (London), Dec., 1919. Pp. 5. Shortage of raw materials and foodstuffs require heavy English importations despite high prices and unfavorable exchanges.
- LIESSE, A. *La question des changes étrangers: remèdes empiriques et remèdes normaux.* *L'Econ. Franç.*, Oct. 11, 1919. Pp. 3. Urges that the government adopt a definite program looking toward increased production, reduced imports, and the payment of the debt of the state to the bank of France.
- MCCALEB, W. F. *People's banks a new era in American economic history.* *Rev. Rev.*, Jan., 1920. Pp. 4. Outlines the plan for a type of bank to function in the field of personal credits, summarizes results of such banks in the states where they have been established, and expresses the belief that they will free agricultural communities from the grip of the merchant.
- MILLER, H. F. R. *An examination of the bank charter act of 1844 with a view to its amendment.* *Journ. Inst. Bankers*, Nov., 1919. Pp. 12. No radical alteration is desirable.

- MORDAUNT, R. *The world's gold production*. Bankers Mag., Aug., 1919. Pp. 6. The amount of gold produced in 1918 was lowest for past thirteen years.
- MOULTON, H. G. *War finance and the price level*. Journ. Pol. Sci., Oct., 1919. Pp. 22. A study of our wartime price changes in the light of changes in the cost of production.
- MOULTON, H. G. *Will prices fall?* Journ. Pol. Econ., Nov., 1919. Pp. 16. The continuance of high prices is attributed chiefly to a price-maintenance policy of our business interests. Recovery of production in agriculture, increased efficiency in other lines, the entrance of foreign goods into our markets, a serious industrial depression, these are circumstances that might break the resistance to price recessions.
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- POLIER, L. *L'oeuvre parlementaire dans le domaine du credit et des échanges commerciaux*. L'Europe Nouvelle, Nov. 1, 1919. Pp. 3. A review of legislation affecting: (a) credit in favor of the small trader, (b) industrial credit, (c) credit to the liberated regions, and (d) credit for financing exports.
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- THOMPSON, N. *Mr. Larkworthy's currency proposals*. Econ. Journ., Sept., 1919. Pp. 4.
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- VAN DORP, E. C. *The deviation of exchanges*. Econ. Journ., Dec., 1919. Pp. 6. The present unfavorable or low exchanges are caused by the extension of the currency in relation to the production and exchange.

- WHITE, B. *Belgian war currency*. Bank. Mag. (London), Oct., 1919. Pp. 13. The way in which the German invaders were circumvented in the currency arrangements of the Belgians.
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- ZAPPA, G. *Le valutazioni di bilancio ed il variabile valore della moneta*. Giorn. di Matematica Finanziaria, June-Sept., 1919. Pp. 30.
- American banking in the South American markets*. Bank. Mag. (London), Sept., 1919. Pp. 6. The aggressiveness of two American banks in South America has jeopardized British banking interests there.
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- Canadian exchange*. Comm. Mo., Jan., 1920. Pp. 5. Canada exports heavily to England, sells the relative bills in New York, there building up balances that normally serve to equalize Canadian-American exchange conditions. British payments for Canadian exports are now slow, causing Canadian balances in New York to rule low. "It is quite impossible to correct the exchange rate by gold shipments to the United States."
- How prices rose and fell in the Civil War and the Great War*. Bull. Nat. Assoc. Wool Mfrs., Oct., 1919. Pp. 3. The course of prices in the United States 1861-65 is closely paralleled by the same 1914-18.
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- Operations of the principal British banks during the first half of 1919*. Econ. Wld., Sept. 13, 1919. Pp. 1. Twenty-two foremost English banks doubled their resources, 1914-19.
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- Progress of banking in Great Britain and Ireland*. Bank. Mag. (London), Oct., 1919. P. 1. The rates of capital and "reserve" of twelve leading English banks fell from 9 per cent in 1917 to 6 per cent in 1918.

Public Finance

(Abstracts by Charles P. Huse)

- ADAMS, H. C. *Problems of budgetary reform*. Journ. Pol. Econ., Oct., 1919. Pp. 18. Examines different types of budgets to find the one best suited to American conditions.
- ARTHUR, D. H. *Municipal advertising which facilitated tax collections*. Prt. Ink, Oct. 23, 1919. British Columbia cities institute successful campaigns to prod up slow payers.

- BEEBE, H. F. *Municipal credit and its new aspects*. Econ. Wld., Dec. 20, 1919. Pp. 3. The likelihood of large increases in municipal indebtedness makes necessary a more critical analysis of municipal finances.
- CANNON, J. G. *The national budget*. Harper's, Oct., 1919.
- DEWAVRIN, M. and RENAUT, F. P. *La taxation des bénéfices de guerre en Scandinavie*. Journ. des Econ., Nov., 1919. Pp. 8. Compares the taxation of war profits in the three Scandinavian kingdoms.
- DOUCET, R. *Une loterie de 60 milliards*. Monde Econ., Sept. 6, 1919. Pp. 3. A critical examination of a proposal to float a large loan with lottery features.
- DOUCET, R. *Les impôts en régime démagogique*. Monde Econ., Oct. 25, 1919. Pp. 3. Believes the French government is courting popularity by levying light taxes on wage earners and not pressing for their collection.
- FREY, M. W. *Needed reform in the present federal tax laws*. Trust Companies, Nov., 1919. Pp. 6. Advocates repeal of excess of profits tax and other changes.
- GOOD, J. W. *A national budgetary system*. Journ. Am. Bankers Assoc., Dec., 1919. Pp. 5. Author is chairman of the select committee on the budget, House of Representatives.
- GOTTLIEB, L. R. *Debts, revenues and expenditures, and note circulation of the principal belligerents*. Quart. Rev. Econ., Nov., 1919. Pp. 43. A useful statistical study.
- GRIZIOTTI, B. *Imposta straordinaria sul patrimonio e prestito forzoso*. Giorn. d. Econ., Sept., 1919. Pp. 17.
- GRIZIOTTI, B. *Per il disegno delle imposte patrimoniali*. Giorn. d. Econ., Nov., 1919. Pp. 23.
- HAIG, R. M. *The revenue act of 1918*. Pol. Sci. Quart., Sept., 1919. Pp. 24. Continues old tendencies rather than adopts new measures.
- HOARE, R. M. *Incidence of taxation*. Charity Organ. Rev., Oct., 1919. Pp. 7. Divides the British nation into classes and estimates the tax burden on each.
- JEZE, G. *L'impôt extraordinaire sur le capital comme moyen de liquider les charges financières de la guerre*. Rev. Sci. et Légis. Finan., July-Aug., 1919. Pp. 116. The plan for a levy on capital has no chance of adoption in England, France, and the United States; it has some chance in Italy and a good chance in Germany.
- LYONS, T. E., FERNS, J. H., ROBINS, K. *Distribution of income taxes to localities. Single tax in theory and in practice. The menace of tax-exemption*. Bull. Nat. Tax Assoc., Dec., 1919. Pp. 11.
- MARION, M. *Statistique comparée des impôts de guerre après 1870 et après 1916*. Journ. Soc. Stat. de Paris, Nov., 1919. Pp. 9. The comparison shows a number of similarities in the tax policies of the two periods.
- MAXEY, C. C. *A little history of pork*. Nat. Munic. Rev., Dec., 1919. Pp. 15. Traces the development of log-rolling from its beginning in 1826.

- NICHOLSON, J. S. *The burden of public debt and taxation and the return to the gold standard.* Econ. Wld., Sept. 20, 1919. Pp. 3. The first step toward the gold standard should be the reduction of public expenditures and the cessation of public borrowing.
- NINA, L. *L'imposta sui profitti di guerra.* Giorn. d. Econ., Aug., Oct., 1919. Pp. 24, 17.
- PAISH, G. *A plan for a large co-operative international loan for the restoration of international credit.* Econ. Wld., Aug. 30, 1919. Pp. 2. To save their own credit the strong nations must aid the weak in repairing the war's damages.
- PEARSON, C. C. *The present status of tax reform in North Carolina.* So. Atlantic Quart., Oct., 1919. Pp. 11. Constitutional amendments are to come before the voters in 1920 for ratification.
- PIROU, G. *L'état actuel de la science des finances en Italie.* Rev. d'Econ. Pol., July-Aug., 1919. Pp. 23. Italy is now producing many works in this field and advancing original theories.
- PLEHN, C. C. *An assessment roll for the income tax.* Journ. Pol. Econ., Dec., 1919. Pp. 14. Points out the evils which arise from the lack of an assessment roll in our federal income tax.
- PUTNAM, G. E. *Calls for a halt in government tax-exemption policy.* Annalist, Nov. 10, 1919. P. 1. Because of progressive rates in income taxation, tax exemption confers unequal benefits.
- REED, R. R. *Discussion of surtax on capital profits.* I. B. A. of A. Bull., Dec. 4, 1919. Pp. 2. The increase in capital value should not, when property is sold, be regarded as current income.
- ROBINS, K. N. *The evils of tax exemption as applied to securities.* Econ. Wld., Aug. 23, 1919. Pp. 3. Presents a number of arguments against this growing practice.
- SAKOLSKI, A. M. *Removing the debt incubus by a "capital levy."* Bull. Nat. Tax Assoc., Oct., 1919. Pp. 2. A good analysis of the plan.
- SAXE, M. *Tax jurisdiction of littoral states to the three mile limit.* Bull. Nat. Tax Assoc., Oct., 1919. Pp. 7. Gives decisions which have established this right in the case of Atlantic cables.
- SELIGMAN, E. R. A. *The taxation of non-residents in the New York income tax.* Bull. Nat. Tax Assoc., Nov., 1919. Pp. 11. Discusses the general principles involved in the taxation of non-residents and points out the merits of the New York method of dealing with this troublesome problem.
- STAMP, J. C. *The special taxation of business profits.* Econ. Journ., Dec., 1919. Pp. 20. Possible effects of the American excess profits tax.
- SURET, L. *Reparation et clauses financières.* L'Europe Nouvelle, June 21, 1919.
- VAKIL, M. H. *Valuation of stock-in-trade and income taxation.* Journ. Indian Econ. Soc., June, 1919. Pp. 3. Compares English and Indian practices.

- WOODWORTH, L. D. *Dangerous taxation tendencies*. Protectionist, Oct., 1919. Pp. 7. Deplores the tendency to rely on state subventions rather than special assessments or local taxes and to extend the privilege of tax exemption.
- ZANDER, C. M. *Tax progress in Arizona*. Bull. Nat. Tax Assoc., Oct., 1919. Pp. 4. By securing greater equality in assessments the state has found it easier to obtain appropriations for public works.
- County assessments, rates and taxes*. Calif. Tax. Journ., Nov., 1919. Pp. 8. The figures for the last five years show marked increases in most counties in the tax burden.
- Growing need for federal budget*. Comm. Mo., Sept., 1919. Pp. 10. Contrasts American with British practice and traces the growth of the demand for a budget in this country.
- Les finances de guerre de l'Angleterre*. Rev. Sci. Légis. Finan., July-Aug., 1919. Pp. 18. England is returning to pre-war budgetary procedure.
- The national accounts*. Bankers Mag. (London), Dec., 1919. Pp. 7. Cannot share the optimism of the Chancellor of the Exchequer.
- The readjustment of German finance by a capital levy*. II. Econ. Journ., Sept., 1919. Pp. 16. Reproduces in part Professor Heinrich Dietzel's article. Some classes will find it much harder than others to meet the levy.
- The state of the exchequer*. New Statesman, Nov. 1, 1919. Pp. 2. Favors a levy on capital to pay off the British debt.
- The third budget of the Bolshevik government of Russia*. Econ. Wld., Sept. 13, 1919. Pp. 2. Shows rapid fall in the value of the ruble and the extension of the system of nationalization.
- The taxation of car companies doing interstate business*. Yale Law Journ., June, 1919. Reviews the methods in use; indicates the doubtful legality of many, and approves the Connecticut statute of 1918, whereby the tax is levied on that part of the gross earnings which the miles run by cars in the state bear to the total car mileage.

Population

(Abstracts by A. B. Wolfe)

- HUBER, M. *Chronique de démographie*. Journ. de la Soc. de Stat. de Paris, Dec., 1919. Pp. 6. An interesting resumé of statistics of births, deaths, and marriages from 1913 to 1918 in France, Prussia, and Bavaria.
- LATHROP, J. C. *Income and infant mortality*. Reprinted from *American Journal of Public Health*, vol. IX, no. 4, Apr., 1919. Pp. 5. A popular but effective summary of the correlation between working class incomes and infant mortality rates.
- MORI, A. *L'emigrazione dalle Isole Eolie*. Riv. Ital. di Sociologia, Jan.-June, 1919. Pp. 13. Emigration studied in a group of Italian islands where both its causes and its effects have a somewhat unusual character.

- PIHELPS, E. B. *The mortality from alcohol in the United States*. Am. Underwriter, Aug., 1919. Pp. 10. A reprint by request of an article of the same title from the transactions of the Fifteenth International Congress on Hygiene and Demography, Washington, 1912.

Insurance and Pensions

(Abstracts by Henry J. Harris)

- BAQUERO, E. G. *Los retiros obreros en Espana*. Rev. Nac. de Econ., Mar.-Apr., 1919. Pp. 12. History of old-age pensions in Spain with account of new law (decree of March 11, 1919) establishing compulsory contributory system.
- BROSMITH, W. *Difference in principle between casualty and life insurance contracts*. Econ. World, Dec. 20, 1919. Pp. 3. Examination of court decisions.
- DODD, E. L. *A comparison of the premiums of the teachers' insurance and annuity association with those of other legal reserve companies*. Univ. Texas Bull., Jan. 15, 1919. Pp. 19. The rates seem to be from 7 to 9 per cent lower, with the proviso of an increase of one ninth for teachers leaving the profession.
- DOWNNEY, E. H. and KELLY, G. C. *Papers presented May 23, 1919. II. The revision of Pennsylvania compensation insurance rates, 1918*. Proc. Cas. Act. & Stat. Soc., May 23, 1919. Pp. 31. Explanation of methods used, with statistical tables, formulas, diagrams, etc.
- FISHER, A. *War losses of British and German insurance companies*. Annalist, Oct. 27, 1919. P. 1. For all ages from 18 to 44 the mortality during the war period is higher; maximum German rate is at age 21, and is 43.5 per 1,000; for the British prudential, maximum is 47.4 per 1,000 at age 21.
- HOFFMAN, F. L. *A critique of the first report of the New Jersey commission on health insurance, old age insurance and pensions*. Econ. World, Aug. 9, 1919. Pp. 3. "There is not a single concrete suggestion in the report which will be helpful to those who are interested in the further development of existing methods and aiming at a better state of health."
- HULBERT, E. D. *Pensions and profit-sharing*. Journ. Am. Bankers Assoc., Sept., 1919. Pp. 4. Synopses of systems used by several large banks in the United States.
- HUNTER, A. *The American-Canadian mortality investigation*. Journ. Inst. Actuaries, Oct., 1919. Pp. 10. Synopses of volume 2, covering plan of insurance, residence in groups of states in the United States, residence in certain provinces, causes of death and classes with \$50,000 or more insurance.
- ILLGEN, J. *Die wirtschaftliche Bedeutung der Versicherungs-Darlehen*. Zeitschr. f. d. ges. Versicherungswis., Apr., 1919. Pp. 23. General review of policy loans.
- INSOLERA, F. *Sull'assicurazione obbligatoria contro la invalidità e la vecchiaia*. Giorn. di Mat. Finan., Mar., 1919. Pp. 13. A study of proposed Italian old-age legislation.

- LANGSTAFF, M. P. *Contributory causes of the heavy increase in the business of American and Canadian life insurance companies.* Econ. World, Aug. 30, 1919. Pp. 2. The war, the influenza epidemic, hope that value of money will increase in future, good business conditions, etc. are influences.
- MCCORMACK, P. H. *Group insurance with abstract of the discussion.* Journ. Inst. Actuaries, Oct., 1919. Pp. 24. General account of the American practice; concludes "it seems to leave many of the problems connected with the insurance of wage-earners to a large extent unsolved."
- MACKEY, MACKALL AND COMPANY. *A report on compensation, liability, and automobile insurance.* Bull. Assoc. Gen. Contractors, Dec., 1919. Pp. 4. General contractors by forming groups in each city will find it to their advantage to place their insurance in a company selected by the officials of their organization.
- MARTIN-SAINT-LEON, M. E. *Les assurance sociales en Alsace et en Lorraine.* Réf. Soc., Nov. 1-16, 1919. Pp. 31. Analysis of the German laws on sickness, accidents and invalidity—old-age in force in Alsace-Lorraine under German control; reasons for continuing them and suggested changes.
- MEYER, H. *Kriegswirkung auf den Versicherungsgesetz und der deutschen privaten Lebensversicherungs Unternehmungen.* Zeitschr. f. d. g. Versicherungswis., July, 1919. Pp. 33. General review of the situation in Germany, with summary statistical tables. In 1914 more than half of the deaths were war deaths; this gradually decreased each year and in 1918 it was 35.8 per cent.
- MICHELbacher, G. F. *Paper presented May 23, 1919. I. Casualty insurance for automobile owners.* Proc. Cas. Act. & Stat. Soc., May 23, 1919. Pp. 30. Describes public liability, property damage, and collision.
- MITCHELL, J. *Defects in compensation law.* Bull. N. Y. State Ind. Comm., Oct., 1919. Pp. 2. Discusses benefits, medical aid, waiting time, coverage, administration.
- SHAW, W. B. *Uncle Sam, underwriter.* Rev. Rev., Nov., 1919. Pp. 7. Scope and work of Bureau of War Risk Insurance.
- WOODWARD, J. H. *Address of the president, Joseph H. Woodward, May 23, 1919, "Insurance and human behavior."* Proc. Cas. Act. & Stat. Soc., May 23, 1919. Pp. 16. Only by discussing insurance problems with a full understanding of the psychological mechanisms involved can we achieve some control of social phenomena.
- ZACHER, G. *Das problem der Arbeitslosenversicherung.* Zeitschr. f. d. ges. Versicherungswis., Jan., 1919. Pp. 14. Reviews plans proposed, but urges fullest development of methods for placing workers.
- American fire insurance abroad.* Americas, June, 1919. Pp. 5. Twenty United States companies have formed the American Foreign Insurance Association to develop foreign business.
- Fight over plan to abolish War Risk Bureau.* N. Y. Times, Dec. 7, 1919. P. 1. Work accomplished to October, 1919, and defense of present organization.

Italy: The national institute for insurance against the accidents of labor. Intern. Rev. Agri. Econ., June-July, 1919. Pp. 13. History of the institute, operations and recent laws.

Old age pensions act, 1919. Nat. Ins. Gaz. (London), Jan. 10, 1920. P. 1. New law provides pension of 10s. weekly, with reductions in case of private means. Age remains 70.

The industrial insurance inquiry. Nat. Ins. Gaz. (London), Nov. 29, 1919. Pp. 2. Digest of parts of evidence now being taken by the British Departmental Committee on Industrial Insurance.

The pension system in the United States. Journ. Comp. Legis. & Intern. Law, Oct., 1919. Pp. 3. Digest of Professor Glasson's study of military pensions in the United States.

The present status of American insurance. Econ. World., Dec. 27, 1919. Pp. 2. Summary of report of the United States Senate Committee on Merchant Marine and Fisheries.

Unemployment insurance bill. Nat. Ins. Gaz. (London), Jan. 10, 17, 1920. Pp. 2, 2. New bill covers persons under health insurance act except agriculture and domestic service. Benefits are men 15s., women 12s. weekly. Contributions (equally from employers and insured) men 3 pence, women 2½ pence weekly; state will add one third of contributions paid. About 11,750,000 persons will be included. The Ministry of Labour administers the system.

Pauperism, Charities, and Relief Measures

(Abstracts by George B. Mangold)

CRANE, R. N. *Infant welfare legislation.* Journ. Comp. Legis., Apr., 1919. Discusses legislation in the British Dominion and the United States in respect to bastardy laws and mothers' pensions. Briefly summarizes the Norwegian law of 1915 pertaining to illegitimacy. Mentions a number of states having eugenic marriage laws and comments on the new Wisconsin law. Also follows growth of sterilization laws and registers approval of the plan.

FEUGERE, E. *L'assistance publique à Paris.* L'Econ. Franç., Oct. 25, 1919. Gives statistics for the year 1918 relating to public expenditures in Paris for hospital care and administration. Appropriation exceeded 100 million francs, a figure which is considerably increased for 1919. Special reference is made to service connected with influenza patients, infants and women, and to the projected program for anti-tuberculosis work.

GLASER, A. *The truth about Austria.* Charity Organ. Rev., Dec., 1919. An account of various methods of social work now carried on in Austria. Contains an indication of the misery that prevails.

MCCORD, C. P. *Physical and mental condition of delinquent boys.* Journ. Delinquency, Sept., 1919. According to this study of 100 boys at the Berkshire Industrial Farm, Canaan, N. Y., 12 per cent are feeble-minded, 10 per cent follow perverted sex practices, 16 per cent have defective vision, 51 per cent suffer from sexual retardation, and 35 per cent are physically

retarded. When compared with public school children in Albany they show four times as high a proportion of affections of nose and throat, five times of ear trouble, and five and a half times of mental deficiency. In some respects, however, they are superior to the school children. The results obtained are used as a basis for constructive suggestions relating to the handling of juvenile delinquents.

MALLET, C. E. *The C. O. S.: its history and its aims.* Charity Organ. Rev., May, 1919. The Charity Organization Society has existed for fifty years. Its aims are broadening, but it must continue to wage war against unwise methods of relief and against the acceptance of a great mass of poverty as a permanent condition. It must insist on thorough investigation, coöperative effort, the upbuilding of character, and constructive treatment of applicants for relief.

PRICE, E. C. *Voting charities.* Charity Organ. Rev., July, 1919. An account of methods in former days when the benefits of a charity were partly dependent on the suffrages of the general body of subscribers and when men were asked to contribute with the virtual promise that some dependent in whom they were interested would be pensioned. The system has been greatly modified, but still exists and is used by certain agencies. The writer looks hopefully for the abolition of this evil.

Statistics

(Abstracts by Horace Secrist)

BARTON, D. M. *The course of women's wages.* Journ. Royal Stat. Soc., July, 1919. Pp. 45. Has to do with the normal conditions of women wage-earners and avoids special cases of high or low wages. Concludes that "whereas before the war the majority of women earned between 10s. and 15s. per week, they now earn between 25s. and 35s. (12s. 6d. and 17s. 6d. by pre-war standards)."

BRISSENDEN, P. F. *Employment policy and labor stability in a Pacific coast department store.* Mo. Labor Rev., Nov., 1919. Pp. 40. Treats of labor turnover in a mercantile establishment and is in contrast to most discussions of this topic which have to do with manufacturing industries.

CAMTELLI, F. P. *Sull'applicazione delle probabilita parziali alla statistica.* Giorn. di Matematica Finanziaria, June-Sept., 1919. Pp. 11.

CHANEY, L. W. *Prewar and wartime accident rates in the iron and steel industry.* Mo. Labor Rev., Nov., 1919. Pp. 4. Continues the previous studies of the bureau of labor statistics, and brings the record down to 1919.

DAY, E. E. *Classification of statistical series.* Quart. Pubs. Am. Stat. Assoc., Dec., 1919. Pp. 3. Criticizes the current definitions and explanations of statistical series by writers of text-books on statistics and develops three types of series.

DOUGLAS, D. H. *Is the new immigration more unskilled than the old?* Quart. Pubs. Am. Stat. Assoc., June, 1919. Pp. 11. The author answers this question in the negative.

- ESTES, L. V. *Unit cost accounting for control*. Indus. Manag., Nov., 1919. Pp. 5. Interesting because of the cost units. Units designed so as to be applicable directly to the finished product.
- FOERSTER, R. F. *The Italian factor in the race stock of Argentina*. Quart. Pubs. Am. Stat. Assoc., June, 1919. Pp. 24. Twenty-eight per cent is held to be the proportion which the Italians and their children make of the total population of Argentina.
- FORSYTH, C. H. *Trend of longevity in the United States*. Quart. Pubs. Am. Stat. Assoc., Dec., 1919. Pp. 6. Concludes "that there was an average gain of a year and a half per decade (1890-1910) in the average duration of life but in spite of considerable retrogression at the higher ages." Data are computed for only each tenth age.
- FRANKEL, L. K. and DUBLIN, L. I. *Influenza mortality among wage-earners and their families. A preliminary statement of results*. Am. Journ. Public Health, vol. LX, no. 10, Oct., 1919. Pp. 12. A careful study of the incidence of influenza among white and colored wage-earners October, 1918, to June 30, 1919, based upon accurate figures obtained from nearly 12,000,000 policies in force and 105,552 claims, Metropolitan Life Insurance Company.
- GOODWIN, L. H. *Long-range view of copper economics of the world*. Annalist, Dec. 15, 1919. Pp. 3. Statistics of production of the past thirty-four years—tabular and graphic.
- HANNA, H. S. *Summary of increased cost of living, July, 1914 to June, 1919*. Mo. Labor Rev., Oct., 1919. Pp. 9. Summarizes the figures and compares them with other available data.
- KIAER, A. N. *An attempt at a statistical determination of the birthrate in the United States*. Quart. Pubs. Am. Stat. Assoc., Sept., 1919. Pp. 16.
- LUCHARS, A. *German machine tool industries in 1919*. Iron Age, Dec. 11, 1919. Pp. 4. Prospects as to labor and materials, limitation of American tools. Prices now and in 1914.
- MOORE, H. L. *Crop cycles in the United Kingdom and in the United States*. Journ. Royal Stat. Soc., May, 1919. Pp. 17. Maintains that the yield of the leading cereal crops in the United Kingdom tends to vary in well defined cycles, and that the crop cycles tend to synchronize with those of the United States.
- OGBURN, W. E. *Analysis of the standard of living in the districts of Columbia, 1916*. Quart. Pubs. Am. Stat. Assoc., June, 1919. Pp. 16. On the basis of data on family budgets collected by the United States Bureau of Labor Statistics, the author, by means of formulas, determines how the expenditure for various items of the family budget varies with the size of the income and with the size of the family.
- PEARL, R. *Preliminary note on the incidence of epidemic influenza among the actively tuberculous*. Quart. Pubs. Am. Stat. Assoc., Dec., 1919. Pp. 4. Answers the question: "Were actively tuberculous persons more or less likely to contract influenza during the epidemic than non-tuberculous mem-

bers of the general population living under essentially the same environmental conditions, and equally exposed to infection."

PEARL, R. and BURGER, M. H. *Retail prices of food during 1917 and 1918*. Quart. Pubs. Am. Stat. Assoc., Sept., 1919. Pp. 29. Aim of the paper is to put on record data on the course of retail food prices in the United States during our participation in the Great War. The data cover the period Oct. 6, 1918, to Dec. 28, 1919, and "show in many striking ways the almost immediate effect of regulations promulgated by the food administration."

PERSON, H. S. *Statistical control including costs as a factor in production*. Ann. Am. Acad., Sept., 1919. Pp. 11. Discusses the meaning of statistics and their applications in business analysis.

SECHRIST, H. *Automobile, motor-truck and motor-cycle street accidents in Chicago*. Quart. Pubs. Am. Stat. Assoc., Dec., 1919. Pp. 21. Covers April, July, and November, 1918, and January, 1919. Is based on police record of Chicago, but does not include accidents reported to the South Park, West Park and Lincoln Park commissioners.

SECHRIST, H. *Food expenditure by men and women*. Quart. Pubs. Am. Stat. Assoc., Sept., 1919. Pp. 5. Study of the expenditures by men and women for 6,843 meals purchased at a cafeteria. The relation of the amount expended for food by women is 86.8 per cent of that expended by men.

STAMP, J. C. *The wealth and income of the chief powers*. Journ. Royal Stat. Soc., July, 1919. Pp. 66. America has an "immense absolute lead in real wealth." "The difference between the United Kingdom and Germany is not so considerable" as has been claimed. Contains a useful, general and classified bibliography of books, periodicals and statistical publications dealing with the distribution of wealth.

SUZUKI, J. P. *Iron and steel demand and output in Japan*. Iron Age, Dec. 11, 1919. P. 1. Consumption before, during, and after the war. Importation a continuing necessity.

Diagram of pig iron production and prices, 1911-1919. Iron Age, Dec. 4, 1919. Pp. 2.

United States steadily increasing her maritime strength. Annalist, Dec. 8, 1919. Pp. 2. America now holds first place as carrier of her own exports. New shipping lines started. Problems of return cargo.

Women in railroad service. Ry. Age, Nov. 14, 1919. P. 1. Number of employees: January 1, April 1, July 1, 1919, by occupations, by territories.

NOTES

The following names have been added to the membership of the American Economic Association:

Armand-Delille, M., 32 Avenida Cinco de Mayo, Mexico City, Mex.
Bathke, W., 4046 Michigan Ave., Chicago, Ill.
Braga, C., Rua Gabizo 213, Rio de Janeiro, Brazil.
Bauer, Stephen, 58 Leismenstrasse, Basel, Switzerland.
Best, Harry, University of Kentucky, Lexington, Ky.
Cole, Philip S., North Carver, Mass.
Cooley, B., 144 East 6th St., Plainfield, N. J.
Day, Miss M. E., Sunderland House, Curzon St., London, Eng.
Franklin, I. C., 4529 Iowa Ave. N. W., Washington, D. C.
Faubel, Arthur L., New York University, New York City.
Hainer, E. J., 1339 South 19th St., Lincoln, Nebr.
Harper, Walter R., 120 Broadway, New York City.
Hayford, F. Leslie, Wilmington, Del.
Jacobs, Miss Theo., 1904 Bolton St., Baltimore, Md.
Jay, Pierre, 15 Nassau St., New York City.
Keyser, F. Morgan, 455 Flood Bldg., San Francisco, Calif.
Markham, James J., 150 Davenport Ave., New Haven, Conn.
Marston, Oliver J., 1186 West 31st St., Los Angeles, Calif.
Mueller, Clara H., Western College, Oxford, Ohio.
Murphy, Bernard E., Victoria University College, Wellington, N. Z.
Olsen, Reuel L., 1045 West 35th Place, Los Angeles, Calif.
Rader, Alexander K., Howard, Kansas.
Patterson, T. H. Hoge, 4231 Walnut St., Philadelphia, Pa.
Prince, L. M., 110 East 65th St., New York City.
Romen, Anthony B., Treasury Annex, Washington, D. C.
Sasaki, Yukitada, No. 28, Mikawa-Dai-Machi, Azabu, Tokyo, Japan.
Sato, K., Care of Mrs. Cowan, 232 Bay State Road, Boston, Mass.
Schlafly, J. F., 410 Third National Bank Bldg., St. Louis, Mo.
Sumner, Edward A., 126 Jefferson Ave., Detroit, Mich.
Swindley, Hugh, 82 Lowell Ave., St. Catherines, Ont., Canada.
Thompson, T. B., Maryland State College, College Park, Md.
Thorp, G. E., Boone, Iowa.
Van Dusen, A. P., 1008 E. Adams St., Syracuse, N. Y.
Wilbur, Rollin A., 720 Cuyahoga Bldg., Cleveland, Ohio.
Wilcox, Herbert M., 200 Edgehill Road, New Haven, Conn.
Winkler, Hermann, Seminarstrasse 3, Berne, Switzerland.

Announcement has been made that prizes offered by Hart Schaffner & Marx for 1919 have been awarded as follows: In Class A, first prize was granted to Edgar S. Furniss for an essay entitled "The position of the laborer in a system of nationalism"; second prize to T. Bruce Robb for an essay entitled "The guarantee of bank deposits."

In Class B, first prize was granted to Earl Bryan Schwulst for a study on "The American street railway problem."

The Amherst Memorial Fellowship for the Study of Social, Economic, and Political Institutions "to perpetuate the memory of those Amherst men who gave their lives for an ideal" has been founded at Amherst College. A fellow shall be appointed every second year for a period of not more than four years. For this purpose \$100,000 has recently been given by an unknown donor and the fund will provide \$2,000 a year for each fellow.

A committee of the National Civic Federation has been appointed to make arrangements for a conference on socialist principles and tactics.

Persons interested in the United States exchange professorships with Hispanic countries are invited to correspond with Herbert I. Priestly, secretary of the Committee on Hispanic American Relations, University of California, Berkeley, California.

The Bankers Statistics Corporation (58 West 39th St., New York), in response to the request of the departments of economics in several of the large universities, offers to all universities the right to subscribe to its Weekly Service (delivery, however, to be made thirty days late) at \$36 per annum. This is the regular Service supplied to banks and to industrial concerns at \$240. Among the contributing editors are: H. Parker Willis, H. J. Davenport, O. M. W. Sprague, E. W. Kemmerer, C. W. Gerstenberg, Willford I. King, Wesley C. Mitchell, Guy E. Snider, and Edwin R. A. Seligman. Mr. Frederick E. Farnsworth, formerly secretary of the American Bankers Association, is president of this corporation. Among the recent articles which have been published in this Service are: The outlook for tax reduction, by C. W. Gerstenberg; Foreign trade and foreign exchange, by H. Parker Willis; The significance of the weekly statements of the New York clearing house banks and of the federal reserve banks, by O. M. W. Sprague; Inflation, by E. W. Kemmerer; Current analyses, by H. J. Davenport; The public debt; how fast should it be paid? by E. R. A. Seligman; The credit risk in Latin-American trade, by G. E. Snider; Foreign credits and the Edge bill, by O. M. W. Sprague; When and how should the federal government pay its war debt? by Willford I. King; Some actual and proposed changes in the federal tax law, by Charles W. Gerstenberg; and How shall we finance the public debt, by E. R. A. Seligman.

The report of the progress of the Joint Census Advisory Committee of the American Statistical and the American Economic associations appeared under date of December 21, 1919 (pp. 34).

The Bureau of Education has issued a pamphlet on *Commercial Engineering* containing a report of the conference on business training for engineers and engineering training for students of business held in Washington, June 23-25, 1919 (Bull., 1919, No. 58, pp. 180). The report is edited by Mr. Glenn L. Swiggett, chairman of the conference committee. In the appendix is a summary of courses of study in engineering and commerce in various universities with a brief statement of present practice and changes contemplated.

The Rand School of Social Science, New York City, announces that it has undertaken the translation into English of Herman Schleuter's *Die Chartisten-Bewegung: Ein Beitrage zur Sozialpolitischen Geschichte Englands*. The work was originally published in 1916 and the translation is undertaken to meet a need for a work of this sort which has long been felt by English students.

Mr. and Mrs. Sidney Webb have reissued their *History of Trade Unionism*, bringing down to date the material which has accumulated since the appearance of the first edition in 1894.

A new edition of *Fabian Essays* with an introduction by Sidney Webb is announced.

At the annual meeting of the American Statistical Association George E. Roberts was elected president; Carroll W. Doten and Horace Secrist, vice-presidents; and Robert E. Chaddock, secretary-treasurer.

The Industrial Accident Commission of the state of California announces that its monthly publication, *California Safety News* will be sent free to any one (525 Market St., San Francisco).

The Bureau of Markets of the United States Department of Agriculture has begun the publication of a weekly entitled *The Market Reporter*. Information in regard to marketing will be given in leading articles, weekly and monthly summaries of movement, marketing, and prices of specified commodities and tabulated statistics with interpretative text. The first issue appeared January 3, 1920.

B. W. Huebsch announces the publication of *The Freeman*, a weekly paper to be edited by Francis Neilson and Albert Jay Nock (32 West 58th St., New York, \$6 per year).

The first issue of *Taxation*, a journal of economic justice, appeared

in January, 1920. This is under the editorship of Stoughton Cooley and the subscription price is one dollar a year (47 West 42d St., New York).

The Supreme Economic Council of Great Britain has begun the publication of a *Monthly Bulletin of Statistics* (London, Stationery Office, 9d. each).

A *Fortnightly Survey of French Economic Conditions* is being published under the Direction Générale des Services Français aux Etats-Unis, 65 Broadway, New York.

An *Economic Review of the Foreign Press*, formerly published under the auspices of the War Office of Great Britain is continuing publication under private auspices (Watergate House, Adelphi, London, W. C. 2, 1s. weekly).

Since the preparation of the lists of new books the following have been received:

William R. Basset, *When the Workmen Help You Manage* (Century).

Huntly Carter, *The Limits of State Industrial Control* (Stokes).

Philip Davis, *Immigration and Americanization* (Ginn).

Samuel Gompers, *Labor and Common Welfare* (Dutton).

M. B. Hammond, *British Labor Conditions and Legislation during the War* (Oxford Univ. Press).

Allan C. Haskell, *How to Make and Use Graphic Charts* (Codex Bk. Co.).

Henry Higgs, *A Primer of National Finance* (Methuen).

Don D. Lescohier, *The Labor Market* (Macmillan).

John A. Ryan, *The Church and Socialism and Other Essays* (University Press).

Oswald St. Clair, *The Physiology of Credit and of Money* (King).

Abbott Payson Usher, *An Introduction to the Industrial History of England* (Houghton, Mifflin).

The REVIEW has received the following appreciative notices of Del Vecchio, who died in 1917:

Giulio Salvatore Del Vecchio (1845-1917), by Prof. Costantino Bresciani-Turroni, reprinted from *Annuario della R. Università di Genova*, 1918.

L'Opera Scientifica di G. S. Del Vecchio, by Filippo Virgilii, published by Fratelli Bocca, Torino.

Giulio Salvatore Del Vecchio, con Lettera del Prof. Gino Riocchi al

Prof. Albano Sorbelli, published by Coöperativa Tipografica Az-zoguidi.

Giulio Salvatore Del Vecchio e la sua Opera Scientifica, reprinted from *Dizionario di Legislazione Sociale*, 1917.

Prof. avv. Giulio Salvatore Del Vecchio, reprinted from *L'Università Italiana*, 1917.

Appointments and Resignations

Mr. Appert, of the Foreign Credits Department of the Guaranty Trust Company, is giving a course in financing foreign trade at the Wall Street Division of New York University School of Commerce, Accounts, and Finance.

Mr. John W. Ballard, formerly instructor in business administration at the A. E. F. University in France, has been appointed instructor in business administration at the University of North Dakota.

Mr. Bascom Barnard is assistant professor of economics at Trinity College, Durham, North Carolina.

Dr. John Bauer, formerly of Princeton University, has been appointed technical advisor in the newly organized traction division of the Law Department of New York City.

Mr. Hubert E. Bice, formerly at Ohio State University, is now assistant professor of business administration in Syracuse University.

Dr. Jesse H. Bond, formerly at the University of Idaho and more recently with the Bureau of Labor Statistics at Washington, has been appointed to the position of assistant professor in the department of economics at the University of North Dakota.

Professor Ezra Bowen has been promoted to an associate professorship in economics at Lehigh University.

Mr. Edward E. Burchell has been appointed lecturer on accounting and office management at the Harvard University Graduate School of Business Administration.

Mr. John G. Callan has been appointed lecturer on factory management at the Harvard University Graduate School of Business Administration.

Professor William R. Camp has gone from North Carolina State College to the University of California, where he is giving courses in cooperative marketing and conducting investigations along that line.

Professor Frank T. Carlton resigned his position in Albion College last September to become head of the department of economics in De Pauw University.

Mr. Fred E. Clark resigned his position at the University of Michigan and is this year associate professor of economics and marketing at Northwestern University.

Miss Helen B. Crocker who has been assistant in economics at Tufts College has been promoted to an instructorship in economics and placed in charge of the course in elementary economics at Jackson College.

Dr. Stuart Daggett, professor of railway transportation at the University of California, lectured at Yale University in January on the subject of railway problems.

Professor E. R. Dewsnap has been elected to the chair of commerce at the University of Liverpool, England, and has accordingly resigned his position at the University of Illinois.

Mr. Boris Emmet has resigned his position as labor manager of the New York Dress and Waist Manufacturer's Association and has become assistant production manager in charge of labor with Schloss Brothers and Company, Baltimore, Maryland.

Mr. John Foerster has been added to the staff of accounting at New York University School of Commerce.

Professor W. E. Hotchkiss, of the University of Minnesota, is serving as executive secretary of the President's Industrial Conference at Washington.

Mr. Lincoln Hutchinson, professor of commerce at the University of California, has accepted the position of commercial attaché to the American Embassy at London.

Dr. Eliot Jones, of Leland Stanford University, is to teach in the summer session at the University of California.

Dr. David Kinley, in October, resigned his position as member of the Research Committee of the Division of History and Economics of the Carnegie Endowment for International Peace.

Professor James M. Leake, formerly of Allegheny College, Meadville, Pa., is now head of the department of history and economics at the University of Florida.

Dr. William M. Leiserson is now chairman of the labor adjustment board of the Rochester Clothing Industry.

Dr. Robert J. McFall, who served during the war as commissioner of the cost of living of Canada, has been appointed extension professor of agricultural economics at the Massachusetts Agricultural College.

Dr. Thomas Walker Page, who was acting chairman of the United States Tariff Commission after the resignation of Professor Taussig, has recently been appointed chairman of the Commission.

Dr. Jessica Peixotto, professor of social economics, and Dr. Solomon Blum associate professor of economics, at the University of California, are collaborating in giving a fifteen weeks' intensive training course for community workers.

Dr. Carl C. Plehn, professor of finance at the University of California, is lecturing on taxation at Columbia University during the second semester.

Dr. B. M. Rastall has been appointed lecturer in business administration at the University of California during the second semester.

Mr. David J. Saposs has completed a study of the immigrant and the American labor movement for the Division of Industrial and Economic Amalgamation of the Carnegie Americanization Study. He is now with the Bureau of Industrial Research of New York City helping in an investigation of the steel strike which this bureau is making for the Interchurch World Movement. Mr. Saposs is also lecturer for the United Labor Education Committee of New York City. This body is directing the educational work of the members of over a dozen unions including the Amalgamated Clothing Workers of America.

Professor E. R. A. Seligman, of Columbia University, is lecturing at the University of California upon taxation and public finance during the second semester.

Professor H. E. Sheppard, formerly of Ohio State University, has been appointed lecturer in economics at the University of California for the second semester. He will give courses in economic geography and foreign trade.

Mr. Hale Tennant, for the past two years state marketing director of Michigan, has been made associate professor of economics at Michigan Agricultural College.

Professor F. W. Taussig is a member of the Second Industrial Conference, appointed by the President, which has been in session at Washington since the first of December.

Dr. Rufus S. Tucker has been appointed George H. Leatherbee instructor in income taxation at the Harvard University Graduate School of Business Administration.

Mr. Sidney Wilcox, assistant in economics at the University of California, has been appointed acting professor of economics at the University of Nevada.

